



# MARYLAND TECH COUNCIL

**TO:** The Honorable Vanessa E. Atterbeary, Chair  
Members, House Ways and Means Committee  
The Honorable Lily Qi

**FROM:** Pamela Metz Kasemeyer  
J. Steven Wise  
Danna L. Kauffman  
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**DATE:** February 23, 2022

**RE:** **SUPPORT** – House Bill 841 – *Income Tax – Expensing of Business Property – Recoupling With Federal Law (Maryland Manufacturing Tax Relief Act of 2022)*

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The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support** for House Bill 841.

House Bill 841 repeals the Maryland income tax modifications for certain deductions for the cost of business property that is treated as an expense for federal tax purposes. It will allow certain businesses increased expensing by conforming the State income tax to the maximum aggregate costs of expensing allowed under Section 179 of the Internal Revenue Code (IRC). Currently, only \$25,000 can be taken for IRC Section 179 expenses on a Maryland return. Anything in addition to that amount that is expensed on a federal return is required to be added back in Maryland.

Passage of House Bill 891 will benefit the business community by allowing federal provisions to flow through to the calculation of Maryland income taxes, which will decrease tax burdens on these businesses. The bill will incentivize companies to invest in new equipment, and help small businesses alleviate the financial burden of acquiring a lot of equipment or software. This legislation will also make Maryland more competitive in the region on this issue. Virginia currently conforms to section 179, so the bill would see Maryland be on par with Virginia who directly competes with Maryland for recruitment and retention of industry. A favorable report is requested.

**For more information call:**

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