



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor

HELENE GRADY
Acting Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 741 Corporate Income Tax – Rate Reduction

STATEMENT OF OPPOSITION

DATE: February 23, 2023

COMMITTEE: Ways and Means

SUMMARY OF BILL: HB 741 reduces the Corporate Income Tax from 8.25% to 7.75% for tax year 2024, 7.25% for tax year 2025, 6.75% for tax year 2026, and 6.25% for tax year 2027.

EXPLANATION OF POSITION: This proposed legislation would reduce revenues by \$40 million beginning in fiscal year 2024 increasing to \$630 million in fiscal year 2028. The loss in revenue would apply to the Higher Education Investment Fund, the Transportation Trust Fund, and the General Fund as shown below.

Estimated Revenue Loss – HB 741, Fiscal 2024 – 2028 (\$ millions)

	Est. 2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028
Higher Educ. Inv. Fund	\$2	\$11	\$20	\$30	\$38
Transp. Trust Fund	\$7	\$32	\$63	\$94	\$107
General Fund	\$31	\$138	\$254	\$381	\$485
Total Revenue Loss	\$40	\$181	\$338	\$505	\$630

Estimates prepared by the Bureau of Revenue Estimates

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and strives to create a structurally balanced budget, in which the growth in spending is less than the growth in revenues. In light of current economic uncertainty and the potential for a downturn, the Department is opposed to legislation that will significantly reduce revenue streams that support needed investments in K-12 education, higher education, and transportation. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

General Fund Structural Budget Outlook, Fiscal 2024 – 2028 (\$ millions)

	Est. 2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028
Structural Balance	\$337	\$232	\$263	\$529	\$1,113
Adjusted for Blueprint				-\$963	-\$1,207

Department of Legislative Services, January 2023 Fiscal Briefing

For these reasons, we respectfully request an unfavorable report.

For additional information, contact Marc Nicole at
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