



MARYLAND TECH COUNCIL

TO: The Honorable Guy Guzzone, Chair
Members, Senate Budget and Taxation Committee
The Honorable Johnny Mautz

FROM: Christine K. Krone
Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman
Andrew G. Vetter

DATE: February 28, 2024

RE: **SUPPORT** – Senate Bill 923 – *Corporate Income Tax – Rate Reduction (Economic Competitiveness Act of 2024)*

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 Senate Bill 923.

Senate Bill 923 reduces the corporate income tax rate from 8.25% to 7.75% for tax year 2025, 7.25% for tax year 2026, 6.75% for tax year 2027, and 6.25% for tax year 2028 and beyond. It has been well documented through numerous studies that Maryland's corporate income tax rate stifles the State's business climate. Most recently, the Tax Foundation's 2023 Business Climate Index ranked Maryland's corporate tax rate 33rd in the nation. This is particularly problematic for the life sciences and technology industries where competition with surrounding States, such as Virginia (*Virginia has a flat 6% corporate income tax rate*), for funding, workforce, and other economic development infrastructure support places Maryland at a distinct disadvantage. The Augustine Commission, which was created to evaluate Maryland's economic framework and make recommendations to improve its competitiveness, included lowering the corporate tax rate in its recommendations. A lower tax rate allows for more reinvestment in growth opportunities, supports employment expansion, and reduces both the cost of running a business and the need for equity capital. A lower tax rate will also attract new companies to locate and conduct business in Maryland. Passage of Senate Bill 923 provides a critical enhancement of Maryland's economic competitiveness. A favorable report is requested.

For more information call:

Christine K. Krone
Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman
Andrew G. Vetter
410-244-7000