



**LEGISLATIVE POSITION:**

**Favorable**

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

**Senate Budget & Taxation Committee**

**Wednesday, February 28, 2024**

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

Senate Bill 923 would reduce 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.

The Maryland Chamber of Commerce supports this critical legislation, as it would put the state in a far greater footing in terms of business climate and national economic competitiveness. It is well documented, most notably by the Augustine Commission, that Maryland's corporate income tax rate stifles the state's business climate. The Commission concluded that a reduction in the rate would allow businesses to establish new or expand existing operations, while preventing the continued outmigration of businesses and workers to more competitive states. The language of this bill is identical to that proposed by the Commission.

Much has happened in Maryland's financial world since the rate was increased in 2007. Not only has the Supreme Court allowed Maryland to collect an additional \$100 million a year from online sales, but, in aggregate, the Comptroller estimates that Maryland's largest employers will pay an additional half-billion dollars in taxes over the next four years due to changes in the federal tax code.

The only constant for Maryland is that wealth continues to flow out of the state. Between 2016 and 2017, the Internal Revenue Service reported a net loss of over \$1.6 billion. Meanwhile, our top economic competitor, Virginia, has recently put forward an agenda this year to decrease its rate from six to five percent, paid for by their revenue windfall from the federal Tax Cuts and Jobs Act.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **favorable report** on SB 923.