



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

WES MOORE
Governor

HELENE GRADY
Secretary

ARUNA MILLER
Lieutenant Governor

MARC L. NICOLE
Deputy Secretary

SENATE BILL 923 Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2024)

STATEMENT OF OPPOSITION

DATE: February 28, 2024

COMMITTEE: Budget and Taxation

SUMMARY OF BILL: Senate Bill 923 steadily decreases the state corporate income tax rate from 8.25% to 6.25% over a five tax year period.

EXPLANATION: The Comptroller’s Office estimates that, the tax rate in a given calendar, or tax, year will affect revenue in several following Fiscal Years (FYs). This is because corporations make quarterly estimated tax payments; later, the difference between estimated payments and the total amount of taxes due for the year is settled up. As a result, the annual fiscal cost will grow slowly at first and build up over time. The results of this analysis can be seen below:

\$ Millions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GF	-32.8	-146.2	-267.6	-391.5	-477.6
TTF	-7.7	-34.2	-62.6	-91.6	-111.7
HEIF	-2.6	-11.5	-21.1	-30.8	-37.6
Total	-43.0	-191.9	-351.3	-513.9	-626.9

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long-term. In light of current projected general fund deficits in fiscal 2026 forward, the Department urges caution in passing legislation significantly reducing general fund revenues. It would be challenging for the State to manage this revenue loss given the forecasted out-year deficits for the General Fund.

POSITION: OPPOSITION

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