



Thursday February 29, 2024

LEGISLATIVE POSITION: Favorable
House Bill 1282 – Corporate Income Tax – Rate Reduction
House Ways and Means Committee

Dear Chairwoman, Atterbeary, and Members of the Committee:

Founded in 1920, The Salisbury Area Chamber of Commerce is a regional Chamber of Commerce representing over 700 members from twelve Maryland Counties.

House Bill 1282 would gradually step-down Maryland Corporate Income Tax rate from its current onerous 8.25% to 6.25% for tax year 2027 and beyond.

The Salisbury Area Chamber of Commerce supports this critical legislation, as it would put the state in a far greater footing in terms of a welcoming 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 a decade and a half ago. 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 Salisbury Area Chamber of Chamber of Commerce respectfully requests a favorable report on HB 1282.

Sincerely,

William R. Chambers
President/CEO

SALISBURY AREA CHAMBER OF COMMERCE

The Voice for Business on Delmarva