

March 5, 2025

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 Miller West Senate Office Building
Annapolis, MD, 21401

RE: SB859 - Fair Share for Maryland Act of 2025

Dear Chair Guzzone:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB859- Fair Share for Maryland Act of 2025**. MBIA **Opposes** the Act in its current version.

This proposal would seek to alter a certain limit on the unified credit used for determining the estate tax for decedents dying on or after January 1, 2026.

SB859 seeks to institute a rule requiring the reapportionment on the sales of tangible personal property to be included in the numerator of the sales factor for property that is delivered or shipped to a purchaser within the state from outside the state or on goods shipped from Maryland to a state where those goods are not taxable. This is commonly referred to as the “throwback rule.”

The bottom-line objective is to collect corporate income taxes off sales from outside the state on goods that originate in Maryland but are then not taxable in that other state. The “throwback rule” is seen by some as a magic fix for taxing “nowhere income,” and the primary concerns remain that this scheme will create tax inequality and competitive Disadvantage for Maryland businesses. In some cases, the “throwback rule” can even result in double taxation.

Maryland businesses continue to struggle with extreme workforce shortages and inflation hovering above the Fed’s targeted 2% inflation rate and Maryland continues to lag our regional neighbors in business friendliness and the cost of doing business. Implementing new tax schemes that raise rates on small businesses and are proven unreliable for revenue collection will negatively impact Maryland’s ability to compete for business investment, job growth and growing the state’s tax base.

For these reasons, MBIA respectfully requests the Committee give this measure an **Unfavorable** report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Budget and Taxation Committee