SB0836 -- Corporate Income Tax - Rate Reduction (E

Uploaded by: Brian Levine

Position: FAV

Senate Bill 836 -- *Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2025)*
Senate Budget and Taxation Committee
March 4, 2025
Support

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, supports Senate Bill 836 -- *Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2025).*

Senate Bill 836 incrementally reduces, over five taxable years, Maryland's corporate income tax rate from the current 8.25% to 6.25%.

Maryland's corporate income tax rate is high compared to most states. Some surrounding and competitor states have lower rates, such as Virginia's 6.0% corporate tax rate and North Carolina's 2.5% rate. Pennsylvania is in the process of incrementally lowering their corporate tax rate from 8.99% to 4.99%. MCCC urges Maryland policymakers to consider an incremental reduction of the corporate tax rate to better compete with surrounding and competitor states.

In the final report of the *Maryland Economic Development and Business Climate Commission*, released in 2016, it was found that, "reducing Maryland's corporate income tax rate would make the State more competitive in attracting economic development and creating jobs." The report recommended that the State of Maryland reduce, over three years, the corporate income tax rate, stating that, "reducing the corporate income tax rate to 7.0% will make Maryland more competitive for businesses considering expanding or relocating in the State. It will allow businesses to lower the cost of capital, create jobs, and increase investment in the economy. This will be true for both smaller in-state businesses and larger multistate corporations." The report also concluded that reducing the corporate tax rate was affordable as it provides a relatively modest amount of State revenues compared to the individual income tax and sales tax.

If Maryland were to reduce its corporate tax rate, the message to the business community would be that Maryland is invested in supporting economic growth and job creation. Furthermore, the perception of Maryland as a less-than-friendly business state would diminish significantly.

For these reasons, the Montgomery County Chamber of Commerce supports Senate Bill 836 and respectfully requests a favorable report.

The Montgomery County Chamber of Commerce (MCCC), on behalf of its members, champions the growth of business opportunities, strategic infrastructure investments, and a strong workforce to position Metro Maryland as a premier regional, national, and global business location. Established in 1959, MCCC is an independent, non-profit membership organization.

Brian Levine | Vice President of Government Affairs
Montgomery County Chamber of Commerce
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Rockville, Maryland 20850
301-738-0015 | www.mcccmd.com

SB 836 – Corporate Income Tax - Rate Reduction (Ec

Uploaded by: Danna Blum

Position: FAV

Carroll County CHAMBER of Commerce

February 24, 2025

Budget and Taxation Committee
Senator Guy Guzzone
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: SB 836 – Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2025) - **Support**

Dear Senator Guzzone:

SB 836 would institute reductions in Maryland Corporate tax rates. This would be a positive move that would attract more business to Maryland and reduce the tax burden on current resident corporations.

The Carroll County Chamber of Commerce, a business advocacy organization of nearly 700 members, supports this bill. We therefore request that you give this bill a favorable report.

Sincerely,

Mike McMullin

Mike McMullin
President
Carroll County Chamber of Commerce

CC: Delegate Chris Tomlinson
Senator Justin Ready

SB0836_OCChamber_Thompson_FAV.pdf
Uploaded by: DENNIS RASMUSSEN
Position: FAV

Ocean City, Maryland
Chamber of Commerce
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oceancity.org 12320 Ocean Gateway, Ocean City, MD 21842

TESTIMONY OFFERED ON BEHALF OF
THE GREATER OCEAN CITY MARYLAND CHAMBER OF COMMERCE

IN SUPPORT OF:
SB0836 – Corporate Income Tax - Rate Reduction
(Economic Competitiveness Act of 2024)

Before:
Senate Budget & Taxation Committee
Hearing: 3/4/2025 at 1:00 PM

The Greater Ocean City Chamber of Commerce, representing more than 700 regional businesses and job creators, **SUPPORTS Senate Bill 0836 – Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2024).** This legislation would decrease the State's corporate income tax rate from 8.25% to 6.25% over 5 taxable years.

The Maryland Chamber of Commerce 2025 Competitive Redbook cites that tax competitiveness remains a significant challenge for Maryland. According to the Tax Foundation's State Business Tax Climate Index, Maryland is ranked an abysmal 45th in the nation for business tax climate. This legislation is aligned with Governor Moore's priority to make Maryland attractive for business.

The Greater Ocean City Chamber respectfully requests a **FAVORABLE REPORT for SB0836**. Please feel free to contact the Chamber directly at 410-213-0144 should you have any questions.

Respectfully submitted,

Amy Thompson
Executive Director
amy@oceancity.org

Bob Thompson
Legislative Committee Chair
bob@t1built.com

SB0836_FAV_MTC_Corporate Income Tax - Rate Reducti
Uploaded by: Drew Vetter
Position: FAV

MARYLAND TECH COUNCIL
ADVANCING LIFE SCIENCES AND TECHNOLOGY

Senate Budget and Taxation Committee
March 4, 2025
Senate Bill 836 – *Corporate Income Tax – Rate Reduction (Economic Competitiveness Act of 2025)*
POSITION: SUPPORT

The Maryland Tech Council (MTC), with over 800 members, is the State's largest association of technology companies. Our vision is to propel Maryland to be the country's number one innovation economy for life sciences and technology. MTC brings the State's life sciences and technology communities into a single, united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of support for Senate Bill 836.

Senate Bill 836 reduces the corporate income tax rate from 8.25% to 6.25% by tax year 2029. The change is phased in over four tax years – 7.75% for tax year 2026; 7.25% for tax year 2027; and 6.75% for tax year 2028. 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. 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 836 provides a critical enhancement of Maryland's economic competitiveness. A favorable report is requested.

For more information call:
Andrew G. Vetter
J. Steven Wise
Danna L. Kauffman
Christine K. Krone
410-244-7000

Senate Bill 836 Final Testimony.pdf
Uploaded by: Giavante Hawkins
Position: FAV

MSATP
MARYLAND SOCIETY OF ACCOUNTING AND TAX PROFESSIONALS

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January 31, 2025

Honorable Members of the Budget and Taxation Committee
Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

RE: Support for Senate Bill 836 - Corporate Income Tax -- Rate Reduction (Economic Competitiveness Act of 2025)

Dear Chair and Committee Members:

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP) represents the voices of over 2,000 tax and accounting professional members. Our members, who are tax and accounting professionals, serve over 700,000 Maryland residents.

We enthusiastically support Senate Bill 836, which proposes a measured and strategic reduction in Maryland's corporate income tax rate. In our professional capacity serving Maryland businesses, we have witnessed firsthand how our state's current 8.25% corporate tax rate has impacted business decisions, particularly when companies consider expanding or relocating their operations. The proposed gradual reduction to 6.25% over four years represents a thoughtful approach that balances the need for increased economic competitiveness with fiscal responsibility. Our members regularly advise businesses considering multi-state operations, and this tax reduction would significantly enhance Maryland's position in the regional market, particularly when competing with Virginia's 6% rate and North Carolina's 2.5% rate.

However, we believe an acceleration of the decrease would be more beneficial for Maryland's competitive position. Even at the intermediate rate of 7.9%, Maryland would still remain at a significant disadvantage, with a rate nearly 2% higher than Virginia, our main competitor, and more than 5% higher than North Carolina. This substantial gap continues to impact our state's ability to attract and retain businesses.

The corporate rate reduction, while a step in the right direction, represents only a partial solution to Maryland's broader economic challenges. It's crucial to note that most small businesses are organized as S Corporations, where income "flows through" to the taxpayer at their individual tax rate. Therefore, the impact of increasing individual tax rates and fees (which are effectively another form of taxation) has a disproportionate negative impact on the overall economy and small business community. This broader tax environment must be considered alongside corporate rate reductions to create a truly competitive business climate in Maryland.

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The phased implementation schedule provides businesses with the predictability and stability needed for long-term planning while allowing the state to adjust to the gradual revenue changes. From our experience working with small and medium-sized businesses, we can attest that this reduction will free up capital for business expansion, workforce development, and technological innovation. This legislation will not only benefit our corporate clients but will also create positive ripple effects throughout Maryland's economy, potentially leading to increased employment opportunities and economic growth in our communities.

We urge the committee to vote favorably on this pragmatic legislation that will strengthen Maryland's economic future while maintaining fiscal responsibility through its measured implementation approach, while also considering ways to accelerate the rate reduction and address the broader tax environment affecting S Corporations and small businesses.

Respectfully submitted,

Giavante' Hawkins

iavante Hawkins
Maryland Society of Accounting and Tax Professionals

SB 836_Corporate Income Tax_Rate Reduction_FAV.pdf
Uploaded by: Grason Wiggins
Position: FAV

MARYLAND
Chamber of Commerce

Senate Bill 836

Position: Favorable
Committee: Budget & Tax
Date: March 4, 2025

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 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 836 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 836.

SB836_NFIB_fav (2025).pdf
Uploaded by: Mike O'Halloran
Position: FAV

NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: Senate Budget & Taxation Committee

FROM: NFIB – Maryland

DATE: March 4, 2025

RE: **SUPPORT SENATE BILL 836** – Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2025)

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland's small businesses, NFIB supports Senate Bill 836 – legislation that reduces the state's corporate income tax rate from 8.25% to 6.25% by tax year 2028.

Many small businesses organize themselves as C-corps and pay the state's corporate income tax rate. Lowering the rate gradually is a critical step towards increasing the state's economic competitiveness.

Reducing corporate taxes will encourage investment in infrastructure, equipment, and, most importantly, employees. With more cash flow, business owners can offer raises to keep talented workers and hire additional staff to meet growing demand, ultimately boosting the economy.

Additionally, enhancing business competitiveness will draw companies from across the country and around the world to establish or expand in Maryland. This influx of innovative businesses creates new, high-quality job opportunities for our dedicated residents.

Lowering the corporate income tax rate and holding the line on potential increases to the personal income tax rate encourages investment in Maryland's economy. It also encourages businesses already incorporated here to expand their operations – adding jobs and increasing output.

For these reasons, **NFIB supports SB836** and requests a favorable committee report.

SB836_MRA_FAV.pdf
Uploaded by: Sarah Price
Position: FAV

HB1101 Corporate Income Tax - Rate Reduction
(Economic Competitiveness Act of 2023)
House Ways & Means Committee
February 20, 2025

Position: Favorable

Background: HB1101 would reduce the State corporate income tax to 6.25% over the next four years.

Comments: The Maryland Retailers Alliance supports HB1101. This proposal, which would decrease the State corporate income tax incrementally from 8.25% in 2024 to 6.25% in 2028, would positively impact Maryland's business community and increase the State's competitiveness in attracting new businesses.

The Tax Foundation, an independent tax policy nonprofit founded in 1937, consistently ranks Maryland in the bottom ten states for its business tax climate. The Foundation considers corporate income taxes, individual income taxes, sales tax rates, property tax rates, and unemployment taxes when compiling its annual State Business Tax Climate Index, and rated Maryland at number forty-sixth in the nation in its 2025 Index. This ranking is in line with the continued rejection of recommendations made to the legislature by the Maryland Economic Development and Business Climate Commission (Augustine Commission). The Augustine Commission recommended changes to Maryland's tax policies to make it a more "business friendly" environment, and the report included reducing the State corporate income tax as proposed in HB1101. Maryland's current corporate income tax rate is higher than our neighbors Virginia and West Virginia at 6% and 6.5% respectively, and Pennsylvania's rate of 7.99%. Lowering our tax rate to below or within 0.25% of these neighbors will allow us to remain competitive in attracting businesses and encouraging growth.

For these reasons, we would urge a favorable report on HB1101. Thank you for your consideration.

SB836 AFSCME Maryland UNFAV.pdf
Uploaded by: Cindy Smalls
Position: UNF

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Baltimore, MD 21230
Phone: 410-547-1515
Email: info@afscmemd.org

Patrick Moran – President

SB836 1101- Corporate Income Tax - Rate Reduction
(Economic Competitiveness Act of 2025)

Budget & Taxation Committee
March 4th, 2025

Thank you, Chair Guzzone, Vice-Rosapepe, and Budget & Taxation Committee members for the opportunity to submit testimony on SB836.

AFSCME Council 3 and its members stand in opposition to SB836, a bill that seeks to lower the corporate tax rate in Maryland, particularly at a time when our state faces a $3 billion budget deficit. It is critical to understand that lowering the corporate tax rate under these circumstances would be financially irresponsible and detrimental to the services Maryland residents rely on every day.

Our state is grappling with severe fiscal challenges, and instead of easing the tax burden on large corporations, we should focus on responsible solutions to raise revenues and ensure the long-term sustainability of vital state services. Lowering the corporate tax rate would directly worsen the deficit, forcing additional harmful cuts to essential programs.

Moreover, SB 836 fails to recognize the fundamental imbalance in our current tax structure. Corporations already benefit from significant tax breaks in Maryland, yet they continue to generate massive profits without necessarily reinvesting those profits in our communities. At a time when our state's budget is in crisis, we cannot afford to further reduce the revenue that corporations contribute to the public good. We need to support tax proposals that ensure corporations are paying their fair share so that we can fund essential services that benefit all Marylanders, particularly those who rely on the public sector.

Organizations like AFSCME, which represents Maryland's public employees, are opposed to this proposal because we understand that cuts to revenue result in cuts to services. These cuts impact real people who will feel the direct effects of reduced funding for the programs that support their everyday lives. Lowering corporate tax rates would harm the ability to maintain public goods and disproportionately affect working-class Marylanders who rely on these services.

We urge the members of the committee to reject SB 836. Instead, we must support tax proposals that require corporations to pay their fair share to ensure Maryland's finances remain stable and sustainable. Let us prioritize equitable solutions that protect our state's services and secure a strong future for all Marylanders. Thank you for your time and consideration.

We would respectively ask the committee for an unfavorable report on SB 836.

_DBM SB836 Letter of Information.docx.pdf
Uploaded by: Dana Phillips
Position: INFO

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET
AND MANAGEMENT

HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

Senate Bill 836 Corporate Income Tax- Rate Reduction (Economic Competitiveness Act of 2025)

Letter of Information

DATE: March 4th, 2025

COMMITTEE: Budget and Taxation

SUMMARY OF BILL: This bill reduces Maryland's corporate income tax rate from 8.25% to 6.25% over five years. Here's the step-by-step reduction schedule:

EXPLANATION: This proposal reduces the corporate income tax rate more than the Governor's budget plan (6.25% vs. 7.99%) and, unlike the Governor's proposal, does not make any offsetting reforms to the corporate income tax base (i.e., combined reporting). As a result, the proposal would lower the state's revenue by hundreds of millions of dollars, with the revenue cost increasing in each successive fiscal year. 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.

Given the forecasted out-year deficits for the General Fund as well as significant uncertainty regarding the federal budget and policy changes, it would be challenging for the State to manage the revenue impact from this bill.

For additional information, contact Dana Phillips at
(410) 260-6068 or dana.phillips@maryland.gov