



Wes Moore | Governor
Aruna Miller | Lt. Governor
Harry Coker, Jr. | Acting Secretary of Commerce

DATE: March 11, 2025
BILL NO: House Bill 1446
BILL TITLE: Income Tax - Credit for Businesses Relocating From Another State (Come to Maryland Act)
COMMITTEE: House Ways and Means
POSITION: Support

The Maryland Department of Commerce (Commerce) supports House Bill 1446 - Income Tax - Credit for Businesses Relocating From Another State (Come to Maryland Act).

Bill Summary:

House Bill 1446 creates a credit against the State income tax for a qualified business entity that relocates its headquarters and base of operations from another state to Maryland and requires that Commerce administer the tax credit and establish the annual amount of credits to be certified. The bill also establishes the Business Relocation Council to advertise the tax credit.

Background:

For too long Maryland has been too reliant on the federal government for economic opportunities. Even before the unprecedented actions coming out of Washington D.C., the Moore-Miller Administration recognized the need for a robust, equitable, and competitive economy that is less dependent on federal dollars. A reorientation of our economic base to grow and strengthen the private sector is needed to ensure Maryland's economy remains strong. Furthermore, states may increasingly adopt policies that could adversely affect companies' operations and their employees. In contrast, Maryland is the most diverse state on the East Coast and home to the top three most diverse cities in the United States. A diverse, equitable and inclusive environment as well as policies in alignment with their goals create a welcoming location for those companies, their employees and families.

Rationale:

House Bill 1446 provides tax incentives to companies that relocate to Maryland from states that have adopted new policy positions. Such policies include those that pose a possible humanitarian crisis for residents of that home state; adversely affect or threaten the economic or social livelihood and well-being of the business' employees and their families or adversely affect or threaten the business' work that it performs to specifically assist underserved or historically underrepresented communities and other similarly situated groups. As more states may change their regulations in ways that could adversely affect employees, their families, and the companies they work at, Maryland offers a welcoming environment that allows companies, their workers and their families to contribute to Maryland's economic success while providing the social stability needed to operate a business successfully. To ensure Commerce's incentives are distributed reasonably and sustainably, according to House Bill 1446, a qualified business must already be receiving financial incentives in its home state, intend to relocate imminently or has

recently relocated to Maryland due to the reasons described above and be committed to maintaining its office in Maryland for at least two years after relocating or submitting the application for this tax credit. This will ensure that Commerce incentivizes companies with great economic potential and which demonstrably value Maryland's assets – a highly skilled workforce, robust infrastructure, and world-class academic institutions.

Ultimately, House Bill 1446 incentivizes already successful companies to establish their operations in Maryland, driving immediate and sustainable economic growth. The Come to Maryland Act will ensure that companies that have the will and desire to move their company to Maryland are given financial resources to make it possible. Economic growth is the long-term structural solution to the challenges Maryland is currently facing and this legislation will contribute to that growth.

Commerce respectfully requests a favorable report on House Bill 1446.