



House Bill 1101 -- *Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2025)*
House Ways and Means Committee
February 20, 2025
Oppose

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, opposes House Bill 1101 -- *Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2025)*.

House Bill 1101 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 House Bill 1101 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.

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