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Patrick Moran – President

**HB1101- Corporate Income Tax - Rate Reduction
(Economic Competitiveness Act of 2025)**

**Ways & Means Committee
February 20th, 2025**

Unfavorable

Thank you, Chair Atterberry, Vice-Chair Wilkins, and Ways & Means Committee members for the opportunity to submit testimony on HB1101.

AFSCME Council 3 and its members stand in opposition to HB 1101, 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, HB 1101 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 HB 1101. 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 respectfully ask the committee for an unfavorable report on HB 1101.

