



House Ways and Means Committee

February 20, 2025

House Bill 1101 – *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 House Bill 1101.

House Bill 1101 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 House Bill 1101 provides a critical enhancement of Maryland's economic competitiveness. A favorable report is requested.

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