



Senate Bill 987

Position: Unfavorable

Committee: Budget & Taxation

Date: March 11, 2026

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, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families.

Senate Bill 987 (SB 987) would require corporations to add back to their Maryland taxable income the amount deducted under federal law for expenses related to direct-to-consumer pharmaceutical advertising. In effect, the bill eliminates the deductibility of these advertising expenses for Maryland corporate income tax purposes.

SB 987 represents a significant departure from long-standing and well-established principles of tax policy. For more than a century, advertising expenses have been treated as ordinary and necessary business expenses under both federal and Maryland tax law. This consistent treatment reflects the fundamental role advertising plays in supporting lawful commerce, consumer awareness, and economic activity across industries. Singling out one category of advertising for different tax treatment undermines the neutrality and predictability that businesses rely on when making investment, hiring, and pricing decisions.

Of particular concern is the precedent this bill would set. Once the State begins selectively disallowing business expense deductions for a specific industry or activity, it raises broader questions about the stability of Maryland's tax code. Businesses across sectors, large and small, depend on a tax system that applies rules consistently rather than targeting particular industries. SB 987 introduces uncertainty that could have chilling effects well beyond the pharmaceutical sector.

The bill also risks negative economic consequences for Maryland's broader business ecosystem. Advertising supports a wide range of in-state jobs, including marketing professionals, media outlets, creative services, data analytics firms, and small businesses that depend on advertising revenue. Increasing the cost of advertising for any sector will inevitably ripple through this ecosystem, potentially reducing economic activity and increasing costs that are ultimately borne by consumers.

In addition, SB 987 sends an unfavorable signal at a time when states are actively competing to attract and retain private-sector investment. Maryland should be focused on improving its competitiveness and cost structure, not adopting targeted tax policies that may discourage business activity or raise concerns among employers evaluating long-term investments in the State.

Lastly, selectively denying a tax deduction based on the content of advertising raises serious constitutional concerns and exposes the State to litigation risk. Policies that rely on content-based distinctions in the tax code may ultimately fail to withstand judicial scrutiny, creating uncertainty around both enforcement and anticipated revenues.

SB 987 raises significant legal, economic, and policy concerns that warrant serious consideration by the Committee.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report on SB 987**.