



Senate Budget and Taxation Committee

March 11, 2026

Senate Bill 987 – *Corporate Income Tax – Addition Modification – Direct-to-Consumer  
Pharmaceutical Advertising*

**POSITION: OPPOSE**

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 **opposition** for Senate Bill 987.

Senate Bill 987 proposes to require corporations to add back to Maryland taxable income defined broadly as prescription drug products regulated under the Federal Food, Drug, and Cosmetic Act. The bill applies to any “covered entity,” including drug sponsors and outsourcing facilities, as well as parent companies that indirectly own them. This scope captures a wide range of biotechnology, pharmaceutical, research, and manufacturing companies that operate in or invest in Maryland’s bioscience corridor.

Unlike ordinary corporate deductions, which reflect legitimate business expenditures, Senate Bill 987 singles out one industry’s federally recognized business activity—public-facing communication about new treatment options—and converts those expenses into a Maryland-specific tax penalty. This represents a sector-specific surcharge on biotech and pharmaceutical innovators, which could deter both established and emerging firms from expanding or locating in Maryland. The bill’s language clearly requires adding back “the amount of certain direct-to-consumer advertising expenses... deducted under the Internal Revenue Code,” thereby undermining long-standing federal tax treatment supporting innovation-driven industries.

Maryland competes nationally and globally for biotech investment. Our state currently benefits from a robust ecosystem anchored by the I-270 corridor, Johns Hopkins, the University of Maryland, and proximity to the National Institutes of Health, the Food and Drug Administration, and federal laboratories. Imposing a Maryland-only tax on a common business practice in the biotech sector sends a message that Maryland is a hostile tax environment for life sciences commercialization. Economic development decisions are highly sensitive to state tax structures, and targeted taxes like this one can discourage new research and development (R&D) facilities, clinical trial operations, and manufacturing investments.

The General Assembly and multiple Administrations have invested heavily in attracting biotech companies through programs such as the Maryland Biotechnology Investment Tax Credit, R&D incentives, and workforce training. Senate Bill 987 moves in the opposite direction by creating a new disincentive uniquely affecting firms involved in pharmaceutical discovery,

development, or commercialization. At a time when other jurisdictions—Massachusetts, North Carolina, and Pennsylvania—are increasing their incentives for life science companies, a targeted Maryland-only tax add-back could weaken our competitive position.

Many early-stage biotech companies rely on partnerships with larger pharmaceutical firms to commercialize innovations originating in Maryland. Policies that penalize commercialization-related activity can reduce the willingness of larger firms to enter into licensing agreements, co-development partnerships, and long-term investment strategies with Maryland-based startups. This slows the entire innovation pipeline and reduces economic opportunity statewide.

For these reasons, Maryland's life science and biotech industries would likely view Senate Bill 987 as a step backward, introducing uncertainty and punitive tax treatment at a time when the state should be working to strengthen, not hinder, our innovation economy. While concerns about drug costs are important and deserve thoughtful public policy solutions, targeted tax penalties on scientific enterprises are not the appropriate path.

**For more information call:**

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