



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: House Ways & Means Committee

FROM: NFIB – Maryland

DATE: February 26, 2026

RE: **OPPOSE HOUSE BILL 926** – Income Tax – Individual Itemized Deductions – Alterations

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB opposes House Bill 926 – legislation that would further reduce the amount of real property taxes a small business owner could deduct on their state income taxes.

It is important to understand that a majority of Maryland small businesses are organized as Pass-Through-Entities (PTEs). This means they don’t pay state income taxes at the entity level. Instead, any “business taxes” are paid on the owner’s personal income tax returns. HB926 *increases* the tax burden on these businesses – especially those that own their commercial property – by reducing the amount of capital they would otherwise have access to. This means less investment in their business and their employees. It will also have an outsized impact on those businesses located in high property tax jurisdictions like Montgomery, Howard, and Anne Arundel Counties.

Finally, HB880 also adds another layer of tax complexity as businesses will need to follow two separate depreciation schedules and limitations on deductions. While state specific data is not available for Maryland, it’s important to point out that small business owners ranked “State Taxes on Business Income” 9th on the “Measures of Small Business Problem Importance” in the most recent [Problems & Priorities](#) report by NFIB. It also ranked “Property Taxes” 11th in that report. Legislation like HB926 hits especially hard on small businesses as they struggle balancing what they can afford with government mandates.

House Bill 926 must also be looked at through a lens of employer cost increases. Since 2018, Maryland small business owners have been saddled with the following: employer-paid sick leave (2018), minimum wage increases (2019 & 2024), personal income tax hikes (2025), paid leave insurance (effective 2027), and numerous fee and licensure increases. Taken together and we see why Maryland ranks as one of the [worst states to start a business](#), [highest for cost of doing business](#), and [least competitive for tax purposes](#).

For these reasons, **NFIB opposes HB926** and requests an unfavorable report.