



## TESTIMONY TO THE HOUSE WAYS AND MEANS COMMITTEE

**HB 801 Income Tax - Addition Modifications - Business Stock Gains, Fines, Penalties, and Bonus Depreciation**

**HB 880 Maryland Income Tax - Decoupling From Amendments to the Internal Revenue Code - Depreciation and Business Interest Expenses**

**HB 1080 Income Tax - Addition Modifications - Excluded Opportunity Fund Gains, Foreign-Derived Deduction Eligible Income, and Interest**

**HB 926 Income Tax – Individual Itemized Deductions – Alterations**

**Position: Favorable**

**By: Linda T. Kohn, President**

**Date: February 26, 2026**

The League of Women Voters has conducted various studies on Maryland's fiscal policy and two of our guiding principles achieved through our consensus process are: **Adequate yield:** Adequate and timely revenues should be available to finance planned expenditures and **Equity/Fairness:** The ability-to-pay principle defined as a progressive tax – a graduated tax which will collect a greater percentage of income from those with higher income than from those with lower incomes.

As you well know, Maryland's revenue stream is far from adequate to meet all the needs of our residents, including health care, affordable housing, childcare, quality public education, transportation and environmental protection. Compounding that, H.R. 1 passed by Congress in 2026 made numerous changes to the federal tax code that primarily benefited wealthy individuals and corporations. Because the Maryland tax code is intertwined with the federal tax code, we stand to further exacerbate our revenue problems by collecting millions of dollars less than we have been unless we decouple our tax code from the recently enacted federal changes.

HB 881, HB 880 and HB 1080 maintain Maryland's current rules for the corporate income tax. H.R. 1 made significant reductions in the corporate income tax by making changes to various deductions such as adjusting the percentage of an expense that is deductible or the timing of when it can be deducted. It also boosted tax breaks for wealthy investors.

HB 826 decouples from the new higher cap on the state and local tax deduction. Allowing the cap to increase at the state level would only benefit people who own very expensive property or multiple properties.

You will hear from expert witnesses and receive important documentation about why this is so important for our residents. **We urge you to issue a favorable report on all four of these bills.**