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Written Testimony to the House Ways and Means Committee
HB 880 - Maryland Income Tax - Decoupling From Amendments to the Internal Revenue
Code - Depreciation and Business Interest Expenses
February 26, 2026

FAVORABLE

Chair Wilkins and Members of the Committee: HB 880 seeks to decouple Maryland's tax code from specific federal provisions regarding depreciation and business interest expenses. This legislation is a necessary step to ensure that our state's budget remains insulated from shifts in federal tax policy and establish a more stable and predictable revenue stream, which is essential for funding critical public services like education, infrastructure, and healthcare.

Federal tax law is often designed to address national macroeconomic trends that may not align with the specific economic needs of Maryland. When the federal government implements aggressive tax expenditures, it creates a revenue drain for states that remain coupled to federal policies. HB 880 helps to ensure that Maryland does not automatically subsidize federal tax shifts at the expense of our own state's bottom line.

This bill promotes a fairer tax environment within the state. While federal incentives for large-scale capital investments can be beneficial at a national level, they often disproportionately favor the largest corporations that have the liquidity to take immediate advantage of them. By decoupling, Maryland can focus on creating its own targeted incentives that are specifically tailored to our local business climate and small business community.

HB 880 helps to ensure that the state has the necessary resources to invest in the very workforce and infrastructure that businesses rely on to succeed. Again, we ask for a favorable report. Thank you.

