



House Bill 1080

Position: Unfavorable

Committee: Ways and Means

Date: February 26, 2026

Founded in 1968, the Maryland Chamber of Commerce (“Maryland Chamber”) is a statewide coalition of more than 7,000 members working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

House Bill 1080 (“HB 1080”) would negatively impact Maryland’s economic competitiveness, discourage investment, and create long-term structural disadvantages for businesses operating in our State. The Maryland Chamber is opposed to HB 1080 for the following reasons:

Discouraging Investment in Opportunity Zones

The bill would prohibit future nominations of qualified opportunity zones and require the addition back of certain federally excluded opportunity fund gains for Maryland tax purposes. By nullifying these incentives at the state level, HB 1080 would hinder economic revitalization, affordable housing development, and job creation in opportunity zone communities.

FDDEI: A Direct Hit to Maryland’s Export Economy

HB 1080 would require corporations to add back foreign-derived deduction eligible income (FDDEI) that is deductible under federal law. This new tax policy would have serious consequences for Maryland’s competitiveness and long-term economic growth.

FDDEI is intended to encourage U.S.-based companies to generate export income from domestic operations rather than shifting activity overseas. By disallowing this deduction at the Maryland level, the State would effectively impose a higher tax rate on Maryland-based companies that sell goods, technology, intellectual property, and services into global markets. This disproportionately affects:

- Advanced manufacturing firms
- Life sciences and biotech companies
- Cybersecurity and technology companies
- Research-intensive enterprises
- Professional and technical services exporters

Maryland has invested heavily in becoming a global innovation hub. Penalizing export-derived income runs counter to that strategy.

Encouraging Out-of-State Relocation

HB 1080's *new tax* policy increases the effective state tax burden on companies with significant foreign sales. In competitive site selection decisions—particularly for headquarters, R&D facilities, and intellectual property management—marginal tax differences matter. Subsequently, neighboring states will present a comparatively lower tax cost structure. The effective result would be:

- Slower expansion within Maryland
- Relocation of high-value functions to other states
- Reduced attraction and investment from multinational firms
- Erosion of Maryland's corporate tax base over time

Competitive Disadvantages Relative to Other States

Maryland already faces strong regional competition for capital and talent. Adding *new corporate tax deduction add-backs* will push Maryland further out of alignment with surrounding jurisdictions. Please note that businesses do not evaluate tax policy in isolation; they compare total effective tax burdens across states when making long-term decisions.

Conclusion

Maryland's future prosperity depends on policies that encourage capital formation, economic growth, domestic innovation, and job creation. Creating new tax policies that penalize Maryland-based companies competing in global markets will discourage investment and risk long-term erosion of our competitive standing among states. **For these reasons, the Maryland Chamber respectfully requests an unfavorable report on HB 1080.**

