



February 19, 2026

Legislative Position: Favorable
House Bill 690
Corporate Income Tax - Rate Reduction
House Ways and Means Committee

Dear Chair Wilkins and members of the committee:

Founded in 1969, the Howard Chamber of Commerce is dedicated to helping businesses—from sole proprietors to large international firms—grow and succeed. With the power of 700 members that encompass more than 170,000 employees, the Howard County Chamber is an effective partner with elected officials and advocates for the interests of the county’s business community.

House Bill 690 phases down Maryland’s corporate income tax rate from 8.25% to 7.75% in tax year 2025, 7.25% in 2026, 6.75% in 2027, and 6.25% beginning in 2028 and thereafter.

The Howard County Chamber of Commerce strongly supports this legislation because it represents a meaningful step toward strengthening Maryland’s business climate and improving our competitive standing nationally. For years, analyses of Maryland’s tax structure, including the findings of the Augustine Commission, have identified the corporate income tax rate as a barrier to attracting and retaining employers. The Commission specifically recommended reducing the rate to encourage business formation and expansion and to stem the ongoing relocation of companies and jobs to lower-tax states. HB 690 reflects that recommendation.

Since Maryland increased its corporate rate in 2007, the state’s fiscal landscape has evolved considerably. The U.S. Supreme Court’s decision in *South Dakota v. Wayfair, Inc.* has enabled Maryland to collect approximately \$100 million annually in additional online sales tax revenue. At the same time, the Comptroller has projected that Maryland’s largest employers will remit roughly \$500 million more over the next four years as a result of federal tax law changes. These developments demonstrate that the state has new and growing revenue streams that were not present when the corporate rate was last adjusted.

Despite these gains, Maryland continues to experience a troubling outflow of wealth. Internal Revenue Service migration data show a net loss of more than \$1.6 billion in adjusted gross income between 2016 and 2017 alone. Meanwhile, neighboring Virginia, one of Maryland’s primary economic competitors, has advanced proposals to lower its corporate income tax rate from 6% to 5%, leveraging additional revenues generated under the federal Tax Cuts and Jobs Act.



If Maryland wants to compete for investment, talent, and job creation, we must take deliberate steps to align our tax policy with the realities of a highly mobile economy. For these reasons, the Howard County Chamber of Commerce respectfully requests a favorable report on House Bill 690.

Sincerely,

Kristi Simon
President & CEO
Howard County Chamber of Commerce