

Radical Tax Cuts Would Devastate Public Services, Harm Maryland's Economy

Position Statement in Opposition to House Bill 133

Given before the House Ways and Means Committee

Sufficient tax revenue is essential for supporting the investments that make Maryland a good place to live, work, and do business – such as public schools, child care, and disability services. Our current fiscal headwinds threaten all of these foundations of our economy. House Bill 133 would cost billions in lost revenue each year, require massive cuts to essential services, and undermine the foundations of Maryland's Economy. **For these reasons, the Maryland Center on Economic Policy opposes House Bill 133.**

Lawmakers this year face a stark choice. Under Gov. Moore's budget proposal, we are expected to face a \$2.3 billion structural deficit at the start of the 2027 legislative session, growing to \$4.1 billion by FY 2031. House Bill 133 would balloon these deficits, forcing policymakers to take extreme steps like laying off thousands of teachers and other public servants or taking health care coverage away from tens of thousands of Marylanders.

House Bill 1282 would force cuts to precisely the investments that make Maryland's economy strong. Surveys of corporate leaders make clear that taxes are not among their most important considerations when deciding where to locate.¹ They place more value on factors like access to skilled labor, highway access, and quality of life, all of which depend on sufficient public investment. Shareholders and executives may wish to pay less in taxes, but the revenue loss would ultimately make Maryland a less attractive place to do business.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Ways and Means Committee make an unfavorable report on House Bill 133.

¹ MDCEP analysis of *Area Development* magazine 33rd to 37th annual corporate surveys. Access to skilled labor, highway access, and quality of life ranked higher than corporate income tax rates on average during this period. Corporate taxes appeared among the top five factors once, less often than skilled labor (all five years), highway access (four out of five years), and quality of life (three out of five years).