



House Bill 801

Position: Unfavorable

Committee: Finance

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 801 (“HB 801”) would move Maryland in the wrong direction at a time when our state must remain competitive in attracting and retaining businesses and investment. By requiring taxpayers to add back certain federally excluded gains and deductions when calculating Maryland taxable income, this legislation would effectively increase state tax liability for many businesses without lowering tax rates or offering offsetting relief.

Of particular concern is the bill’s treatment of qualified small business stock (QSBS). Federal law provides favorable tax treatment for long-term investment in small and emerging companies to encourage entrepreneurship and capital formation. As a result, **HB 801 would create a new tax policy** by taxing gains that are excluded at the federal level. This change risks discouraging investment in Maryland-based startups and early-stage companies—precisely the businesses that drive innovation, job creation, and long-term economic growth.

Additionally, the proposed add-backs for certain business expenses and depreciation deductions would increase taxable income for capital-intensive firms, manufacturers, and growing enterprises reinvesting in equipment and expansion. These companies are often making long-term investments in Maryland communities. Raising their effective tax burden sends the wrong signal in a region where businesses can readily compare tax climates across neighboring states.

Maryland already faces competitive pressures from surrounding jurisdictions. Creating a new tax policy that increases complexity and tax liability will reduce business expansion, hiring, and investment in Maryland. For these reasons, the Maryland Chamber respectfully requests an unfavorable report on HB 801.