



House Bill 1238

Date: March 5, 2025

Committee: Ways & Means

Position: Unfavorable

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

On behalf of the Maryland Chamber of Commerce and our statewide membership representing businesses of every size and industry, we respectfully request an unfavorable report on House Bill 1238. While we appreciate the intent to address fiscal challenges, this proposal would significantly undermine Maryland's competitiveness and further accelerate the out-migration of high-wealth individuals and the capital they deploy within our State.

HB 1238 would impose a new tax structure targeting ultra-high-net-worth individuals, including a one-time wealth tax and an additional surtax. Such a policy would place Maryland among a very small number of jurisdictions pursuing this approach, sending a concerning signal to entrepreneurs, investors, and business leaders that Maryland is prepared to adopt unpredictable and punitive tax policy. Business investment decisions are grounded in stability and long-term certainty. Introducing an unprecedented wealth-based tax creates uncertainty that discourages expansion, relocation, and startup formation in Maryland.

High-net-worth individuals are not simply taxpayers; they are often founders, investors, and primary sources of venture capital for growing companies. They fund startups, invest in innovation, and provide philanthropic support to educational and community institutions. When tax policy incentivizes these individuals to change residency, Maryland loses not only their tax contributions but also the broader economic ecosystem supported by their capital. Even the



perception that Maryland's tax environment is becoming even more hostile to investment can influence where new ventures are launched and scaled.

Maryland already competes with neighboring states that offer more favorable tax climates. Increasing the tax burden on highly mobile individuals risks accelerating an out-migration trend that has been widely discussed in recent years. When high-wealth residents relocate, the State forfeits income tax revenue, business investment, charitable giving, and job creation. That loss reverberates across industries, affecting employees, small businesses, and local communities.

Additionally, the complexity of valuing privately held business interests and other non-liquid assets introduces significant administrative challenges and compliance costs. Uncertainty around valuation standards and enforcement mechanisms will likely generate disputes and litigation, further dampening investor confidence.

Maryland's long-term fiscal health depends on economic growth, business formation, and retaining top talent and capital. Policies that risk driving away investment undermine that foundation.

For these reasons, the Maryland Chamber of Commerce urges an unfavorable report on House Bill 1238.