



FEBRUARY 26, 2026

Maryland Should Not Double Down on H.R. 1 Corporate Tax Giveaways

Position Statement in Support of House Bill 880

Given before the House Ways and Means Committee

Federal legislation passed in 2025 provided \$4.5 trillion in new tax breaks that overwhelmingly benefit investors, large corporations, and ultra-wealthy individuals. At the same time, the legislation is threatening essential food assistance and health care for thousands of Marylanders and straining the state budget. Absent legislative action, the law is expected to add \$588 million to the general fund deficit between FY 2026 and 2031. The Maryland Center on Economic Policy supports House Bill 880 because it would decouple Maryland from two major corporate tax breaks in H.R. 1 and likely prevent millions in annual revenue loss.

Based on information in the 2025 *60 Day Report*, House Bill 880 may raise \$492 million or more cumulatively by FY 2031, including about \$117 million beyond the savings in Gov. Moore's budget proposal.ⁱ

House Bill 880 maintains the status quo in Maryland tax law by decoupling from two business tax breaks in the 2025 federal megabill:

- The special depreciation allowance for qualified production property allows businesses to deduct the full cost of real estate purchases for certain manufacturing purposes up front, rather than over time as under conventional accounting rules. Gov. Moore's FY 2027 budget proposal also decouples from this provision.
- H.R. 1 weakens one of the few revenue-raising provisions of the 2017 Trump tax law by increasing limits on the amount of interest costs businesses can deduct. Gov. Moore's budget proposal conforms to this new tax break.

Sufficient tax revenue is essential for supporting the investments that make Maryland a good place to live, work, and do business – such as schools to train tomorrow's workforce, roads to bring workers to jobs and goods to market, and courts to enforce contracts.

Lawmakers this year face a stark choice. We face a projected general fund structural deficit of \$2.3 billion in FY 2028, growing to \$4.1 billion within five years. The math is simple: To meet the state's constitutional balanced budget requirement, we will need to either raise significant new revenue or enact further, deeper cuts into public services like education, child care, and transportation.

These cuts would undermine 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.ⁱⁱ They place more value on factors like access to skilled labor, responsive government, 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.

Maryland’s corporate tax system already offers generous breaks to many wealthy multinational corporations because we have not closed major loopholes that most other states have addressed. We can’t afford to provide another boost to CEOs and shareholders while so many Maryland families are struggling to afford basics like rent, utilities, and food.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Ways and Means Committee make a favorable report on House Bill 880.

Equity Impact Analysis: House Bill 880

Bill summary

House Bill 880 would decouple Maryland from the special depreciation allowance for qualified production property and increased deduction limits for business interest payments under federal H.R. 1 of 2025.

Background

H.R. 1, the 2025 federal megabill, cut federal taxes for Maryland Households by about \$9.5 billion per year,ⁱⁱⁱ and under current law is expected to reduce state revenues by more than \$200 million across FY 2026 and 2027.^{iv}

Equity Implications

House Bill 880 would likely make Maryland’s tax code more equitable along lines of income, wealth, and race and ethnicity. By their design, both provisions affected by the bill only benefit households that own business equity. Multiple intersecting areas of historical and continuing racist policy have made household wealth in the United States heavily lopsided. Analysis in recent years shows that the wealthiest 10% of white households nationwide (about 6% of all households) control nearly two-thirds of all built-up wealth.

Furthermore, revenue gained by enacting House Bill 880 would protect public services that support broadly shared opportunity and enable struggling households to afford necessities, such as public schools, child care assistance, and Medicaid.

Impact

House Bill 880 would likely **improve racial and economic equity** in Maryland.

ⁱ *60 Day Report: One Big Beautiful Bill Act*, Comptroller of Maryland, 2025, https://mdbre.gov/BRE_reports/federalimpact/60-day-report-obbb.pdf

This estimate follows the 2026 *Fiscal Briefing* in including only corporate income tax revenues gained from decoupling from the qualified production property tax break. Under current law, this provision is also expected to cost \$125 million in lost individual income tax revenue by FY 2031 (\$43 million across FY 2026 and 2027). Including this brings the cumulative revenue gain from House Bill 880 to \$617 million by FY 2031.

ⁱⁱ Andy Greiner, “39th Annual Corporate & 21st Annual Consultants Surveys: What Business Leaders and Consultants Are Saying about Site Selection,” *Area Development*, 2025, <https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/q1-2025/39th-annual-corporate-21st-annual-consultants-surveys-what-business-leaders-and-consultants-are-saying-about-site-selection.shtml>

ⁱⁱⁱ Steve Wamhoff, Carl Davis, Joe Hughes, and Jessica Vela, “Analysis of Tax Provisions in the Trump Megabill as Signed into Law: National and State Level Estimates,” Institute on Taxation and Economic Policy, 2025, <https://itep.org/tax-provisions-in-trump-megabill-national-and-state-level-estimates/#statedata>

^{iv} *60 Day Report*, 2025