

MARYLAND RETAILERS ALLIANCE

The Voice of Retailing in Maryland



**HB690 Corporate Income Tax - Rate Reduction
(Economic Competitiveness Act of 2026)
House Ways & Means Committee
February 19, 2026**

Position: Favorable

Background: HB690 would reduce the State corporate income tax to 6.25% over the next four years.

Comments: The Maryland Retailers Alliance supports **HB690 Corporate Income Tax - Rate Reduction**, which would decrease the State corporate income tax incrementally from 8.25% to 6.25%. This action would positively impact Maryland’s business community and increase the State’s competitiveness in attracting new businesses.

The Tax Foundation, an independent tax policy nonprofit founded in 1937, consistently ranks Maryland in the bottom five states for its business tax climate. The Foundation considers corporate income taxes, individual income taxes, sales tax rates, property tax rates, and unemployment taxes when compiling its annual State Business Tax Climate Index, and again ranked Maryland as 46th in the country for its tax climate in 2026. This ranking is in line with the continued rejection of recommendations made to the legislature by the Maryland Economic Development and Business Climate Commission (Augustine Commission). The Augustine Commission recommended changes to Maryland’s tax policies to make it a more “business friendly” environment, and the report included reducing the State corporate income tax as proposed in HB690. Lowering Maryland’s tax rate to below or within 0.25% of our neighbors in Virginia, West Virginia, and Pennsylvania will allow us to remain competitive in attracting businesses and encouraging growth.

For these reasons, we would urge a favorable report on HB690. Thank you for your consideration.