



## TESTIMONY

### **HB0801 – Income Tax – Addition Modifications Business Stock Gains, Fines, Penalties, and Bonus Depreciation**

**Bill Sponsor:** Delegate Embry

**Committee:** House Ways and Means

**Organization Submitting:** Maryland Legislative Coalition

**Person Submitting:** Aileen Alex, Co-Chair

**Position:** FAVORABLE

I am submitting this testimony in support of **HB0801** on behalf of the Maryland Legislative Coalition. We are an association of unpaid citizen advocates—individuals and grassroots groups in every district across the state—representing and supporting more than 30,000 Marylanders.

HB0801 strengthens Maryland’s tax code by closing loopholes that primarily benefit wealthy investors and high-income taxpayers. As outlined in the bill, it 1) creates an additional modification for gains from the sale of certain small-business stock that are excluded from federal gross income, and it ensures that fines, penalties, and certain business-related expenses cannot be used to reduce state tax liability. And 2) the bill also prevents Maryland from automatically adopting expanded federal depreciation deductions that overwhelmingly favor those already positioned to benefit most.

The outrageous federal carve-outs were never designed to support working families, and they do little to advance Maryland’s long-term fiscal health. When early-stage investors can cash out without contributing their fair share, the burden shifts to everyone else! HB0801 restores balance by ensuring that Maryland’s tax system reflects our values—not federal preferences that tilt the playing field toward the already-advantaged.

HB0801 directly advances the mission of the Maryland Legislative Coalition by promoting fairness, equity, and responsible budgeting. By closing loopholes that drain revenue and reinforce inequity, this bill helps maintain a sustainable tax base that allows Maryland to invest in education, transportation, public safety, and essential community services. We respectfully urge a **FAVORABLE** report on HB0801.