



February 26, 2026

Legislative Position: Unfavorable

House Bill 801

Income Tax - Addition Modifications - Business Stock Gains, Fines, Penalties and Bonus Depreciation

House Ways & Means Committee

Dear Chair Wilkins and members of the committee:

Founded in 1969, the Howard Chamber of Commerce is dedicated to helping businesses—from sole proprietors to large international firms—grow and succeed. With the power of 700 members that encompass more than 170,000 employees, the Howard County Chamber is an effective partner with elected officials and advocates for the interests of the county's business community.

On behalf of the Howard County Chamber of Commerce, we respectfully submit this letter in opposition to House Bill 801. Small businesses operate on tight margins and depend on stable, predictable tax policy to plan for growth, hiring, and capital investment. HB 801 would expand taxable income calculations by limiting certain deductions and requiring additional income modifications, including changes affecting business stock gains and depreciation. For many small and mid-sized employers, particularly pass-through entities whose business income is taxed at the individual level, these changes would result in higher effective tax burdens.

Limiting bonus depreciation (the allowance of businesses to deduct a large percentage of the cost of a new asset up front instead of over time) and expanding required add-backs reduces the ability of small firms to reinvest in equipment, technology, and workforce development. These tools are essential mechanisms that allow growing companies to manage cash flow and remain competitive. Increasing tax liability during a period of economic uncertainty makes it more difficult for small businesses to expand or even maintain current staffing levels.

In addition to the financial impact, HB 801 would increase administrative complexity. Smaller employers often lack in-house tax departments and must rely on outside accountants and advisors. Changes that complicate tax filings translate directly into higher compliance costs, expenses that disproportionately affect small operations.

Maryland's small businesses are the backbone of our local economy, driving job creation and community investment. Policies that increase tax exposure or reduce investment incentives risk discouraging entrepreneurship and pushing business activity to neighboring states with more favorable tax environments.

For these reasons, the Howard County Chamber of Commerce respectfully urges an unfavorable report on House Bill 801.

Sincerely,

Kristi Simon  
President & CEO  
Howard County Chamber of Commerce