



House Bill 880

Position: Unfavorable

Committee: Ways and Means

Date: February 26, 2026

Founded in 1968, the Maryland Chamber of Commerce (“Maryland Chamber”) is a statewide coalition of more than 7,000 members working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

House Bill 880 (“HB 880”) would create **new tax** policy that increases tax liability and complexity for Maryland businesses. Specifically, HB 880 would require taxpayers to modify their federal taxable income so that depreciation is calculated using prior versions of Internal Revenue Code §§167 and 168 and reject updated federal rules under §163(j) that govern the deduction of business interest expenses.

By preventing businesses from utilizing current federal depreciation schedules and interest deduction standards, HB 880 effectively creates **new tax** policy that reduces the deductions available in Maryland. For small business owners, this translates directly into higher taxable income and increased state tax liability.

Interest expense deductions are especially critical for growing businesses. Companies often rely on financing to expand operations, hire employees, or invest in equipment and technology. Limiting these deductions at the state level would discourage capital investment, slow business expansion and, in turn, reduce Maryland’s overall economic growth. To be clear, Maryland’s current business tax climate ranks 46th out of 50 states, and the state must avoid any tax policy that further exacerbates Maryland’s slow economic growth.

HB880 would also introduce added administrative complexity. For example, businesses would be required to maintain separate depreciation schedules and track different deduction limitations for federal and state purposes. This additional compliance burden comes at a time when **Maryland’s business tax climate already ranks 46th among 50 states.**

Finally, HB880 must be considered in the broader context of rising employer costs in Maryland. Since 2018, small businesses have faced a series of increased mandates and expenses, including employer-paid sick leave, multiple minimum wage increases, personal income tax changes, upcoming paid leave insurance requirements, and higher fees and licensure costs. Collectively, these policies contribute to Maryland’s reputation as a high-cost and less competitive environment

for starting and operating a business. **For these reasons, the Maryland Chamber respectfully requests an unfavorable report on HB 880.**

