



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: House Ways & Means Committee

FROM: NFIB – Maryland

DATE: February 26, 2026

RE: **OPPOSE HOUSE BILL 880** – Maryland Income Tax - Decoupling From Amendments to the Internal Revenue Code - Depreciation and Business Interest Expenses

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB opposes House Bill 880 – legislation that further decouples Maryland’s income tax code from the Federal Internal Revenue Code (IRC). The effect of which would be increased tax liability and more tax complexity for small businesses.

Under HB880, Maryland would adjust a taxpayer’s federal adjusted gross income to use older federal rules for depreciation (including §167 and §168 of the IRC) instead of certain newer federal enhancements or allowances that were enacted by Congress last year. Further, Maryland would *not* follow federal changes made by Congress to the limitation on business interest expense deductions (§163(j)). Instead, it would adjust income to reflect the previous federal treatment. The cost implication of this bill is enormous, especially for Maryland small business owners as they would no longer be able to deduct or depreciate at the federal levels.

The ability for businesses to deduct interest expenses covers things like borrowing to expand or using loans to purchase equipment. Decoupling Maryland from those federal provisions would likely lead to less investment and borrowing by our state’s small businesses. That means a more stagnant economy without growth.

Finally, HB880 also adds another layer of tax complexity as businesses will need to follow two separate depreciation schedules and limitations on deductions. While state specific data is not available for Maryland, it’s important to point out that small business owners ranked “Uncertainty Over Economic Conditions” 3rd on the “Measures of Small Business Problem

Importance” in the most recent [Problems & Priorities](#) report by NFIB. It also ranked “State Taxes on Business Income” 9th in that report. Legislation like HB880 hits especially hard on small businesses as they struggle balancing what they can afford with government mandates.

House Bill 880 must also be looked at through a lens of employer cost increases. Since 2018, Maryland small business owners have been saddled with the following: employer-paid sick leave (2018), minimum wage increases (2019 & 2024), personal income tax hikes (2025), paid leave insurance (effective 2027), and numerous fee and licensure increases. Taken together and we see why Maryland ranks as one of the [worst states to start a business](#), [highest for cost of doing business](#), and [least competitive for tax purposes](#).

For these reasons, **NFIB opposes HB880** and requests an unfavorable report.