



Testimony - HB 801, Income Tax - Addition Modifications - Business Stock Gains, Fines,
Penalties, and Bonus Depreciation
Favorable
House Ways & Means Committee
February 26, 2026
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Director of Political & Legislative Affairs on behalf of SEIU Local 500

Honorable Chairwoman Wilkins & Members of the House Ways & Means Committee:

On behalf of SEIU Local 500, which represents over 23,000 public workers across Maryland, we respectfully urge a favorable report on House Bill 801.

HB 801 is about fairness. It ensures that those who have the greatest ability to contribute to our state's success pay their fair share, rather than avoiding responsibility through federal tax exclusions and loopholes.

This bill makes three important corrections to Maryland's tax code.

First, it requires that gains from the sale of qualified small business stock — which may be excluded from federal taxation under Section 1202 of the Internal Revenue Code — be added back for Maryland income tax purposes. When very high-income investors are able to exclude millions of dollars in capital gains from taxation, everyday working families end up carrying a disproportionate share of the cost of funding public services. HB 801 restores balance.

Second, the bill limits the ability of corporations to deduct excessive fines and penalties as business expenses. Maryland taxpayers should not effectively subsidize corporate misconduct. When a company violates the law and pays penalties, those costs should not be shifted onto the public through tax deductions.

Third, HB 801 decouples Maryland from certain federal bonus depreciation and expensing provisions that primarily benefit large corporations. These accelerated depreciation rules reduce state revenue without necessarily generating proportional economic benefit for Maryland communities. Requiring more realistic depreciation schedules strengthens long-term fiscal stability.

For SEIU Local 500 members — the school employees, public workers, and community professionals who keep Maryland running — stable and adequate state revenue is not an abstract concept. It is what funds our public schools, supports early childhood education, maintains public safety, and protects essential services.

When wealthy investors or corporations are able to avoid contributing their fair share, it is working families who feel the consequences through budget cuts, understaffed schools, and reduced public services.

HB 801 reinforces a simple principle: if you benefit from Maryland's economy, workforce, and infrastructure, you should contribute to sustaining them.

We urge the Committee to advance this bill and strengthen Maryland's commitment to tax fairness and responsible fiscal policy.

Thank you for your time and consideration.

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SEIU Local 500