



February 26, 2026

Legislative Position: Unfavorable

House Bill 880

Maryland Income Tax - Decoupling From Amendments to the Internal Revenue Code -

Depreciation and Business Interest Expenses

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.

As introduced, House Bill 880 would decouple Maryland's income tax treatment of depreciation and business interest expenses from recent federal Internal Revenue Code (IRC) amendments. While we recognize the State's ongoing need to balance fiscal priorities, HB 880 would exacerbate financial pressures on our County's businesses that are already operating on thin margins.

Small businesses depend critically on predictable, competitive tax treatment of capital investments. The federal changes to depreciation and business interest expense rules were designed to encourage investment, modernize equipment, and support growth, especially for smaller enterprises that reinvest earnings directly into their operations. By decoupling from these provisions, the State would effectively raise the tax burden on investments that fuel job creation and local economic activity, putting Maryland at a disadvantage compared to neighboring states that fully conform to federal tax treatment.

For many small businesses, the ability to deduct depreciation and interest directly affects cash flow, the ability to acquire necessary equipment, and long-term viability. When businesses cannot recover the full cost of capital investments, they are forced to make choices that may delay hiring, freeze expansion plans, and reduce competitiveness. Those outcomes harm employees, suppliers, and local consumers alike.

Moreover, the net effect of this bill would fall disproportionately on smaller and newer enterprises. Larger businesses generally possess greater financial resilience and access to advisory resources to manage complex tax transitions. Small business owners, by contrast, often



wear many hats; they do not have the luxury of absorbing increased tax compliance costs or hiring specialized tax professionals. Imposing this complex decoupling regime will place an undue administrative and financial burden on our County's small businesses.

Rather than decoupling from federal tax incentives that promote investment and growth, Maryland should strive to align its tax code with reforms that support small business capital formation, encourage innovation, and attract new employers. These objectives will more reliably yield sustainable revenue over time through increased job creation and economic activity.

For these reasons, the Howard County Chamber of Commerce respectfully requests an unfavorable report on House Bill 880.

Sincerely,

Kristi Simon
President & CEO
Howard County Chamber of Commerce