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**Written Testimony to the House Ways and Means Committee
HB 1080 - Income Tax - Addition Modifications - Excluded Opportunity Fund Gains,
Foreign-Derived Deduction Eligible Income, and Interest
February 26, 2026**

SUPPORT

Chair Wilkins and Members of the Committee, HB 1080 is a necessary step to protect Maryland's budget from federal tax rules that don't always work for our state.

Currently, when the federal government creates tax breaks, Maryland often loses tax revenue automatically. This bill allows us to "decouple" from those federal rules to help ensure that our tax code prioritizes Maryland's fiscal needs and public services rather than simply follow federal trends that favor wealthy investors and large corporations.

This bill reforms the Opportunity Zone program. While this program was intended to help struggling neighborhoods, it has largely become a tax loophole that gives massive windfalls to wealthy investors without proving it actually helps local residents. HB 1080 takes a proactive approach by stopping the creation of new zones and requires investors to pay state taxes on those capital gains. By closing this loophole, Maryland can redirect millions of dollars away from private tax shelters.

Additionally, the bill addresses complex federal deductions for large corporations, such as those related to foreign income and interest. These federal rules are often designed to influence international business, but they don't provide a direct benefit to Maryland's economy. By removing these backdoor tax breaks at the state level, we ensure that large corporations pay their fair share of taxes on the money they make here.

HB 1080 is a common sense measure that keeps our tax system fair, protects our state's financial health, and ensures that Maryland's tax policy is driven by the needs of its own citizens. For these reasons we urge a favorable report.

