



## House Bill 926

**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 926 (“HB 926”) modifies individual itemized deductions, but the bill’s economic consequences will extend well beyond personal tax returns. By reducing the deductibility of real property taxes for Maryland taxpayers, the bill effectively increases state income tax liability for many residents – including small business owners, entrepreneurs, and investors whose business income flows through their personal returns.

Maryland’s economy depends heavily on pass-through entities such as sole proprietorships, partnerships, S-corporations, and LLCs. These businesses do not pay the corporate income tax; instead, profits are reported on the owner’s individual tax return. Increasing personal tax burdens on these **small businesses** directly impacts the capital available for hiring, wage growth, equipment purchases, and business expansion.

The negative impact of HB 926 includes:

- **Reduced Reinvestment Capacity:** Higher personal tax liabilities reduce after-tax income that business owners reinvest locally.
- **Competitive Disadvantage:** Maryland already competes with neighboring states for business investment and residency. Additional tax burdens risk discouraging entrepreneurs from locating or remaining here.
- **Consumer Spending Effects:** Increased taxes on itemizing households would reduce discretionary spending, affecting retailers, service providers, and local economies across the state.
- **Negative Signal to Investors:** Repeated adjustments that narrow deductions or raise effective tax burdens create uncertainty and may weaken perceptions of Maryland’s long-term competitiveness.

At a time when many businesses are managing inflationary pressures, workforce challenges, and rising operational costs, the Maryland Chamber believes this is not the moment to increase effective tax burdens on Maryland’s taxpayers and small businesses – particularly those who drive

job creation and economic growth. For these reasons, the Maryland Chamber respectfully requests an unfavorable report on HB 926.

