



Senate Bill 923 -- Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2024)
Senate Budget and Taxation Committee
February 28, 2024
Support

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, supports Senate Bill 923 -- *Corporate Income Tax - Rate Reduction (Economic Competitiveness Act of 2024)*.

Senate Bill 923 incrementally reduces, over five taxable years, Maryland's corporate income tax rate from the current 8.25% to 6.25% for tax year 2027.

Maryland's corporate income tax rate is relatively high compared to most states. Some surrounding and competitor states have lower rates, such as Virginia's 6.0% corporate tax rate and North Carolina's 2.5% rate. MCCC urges Maryland policymakers to consider an incremental reduction of the corporate tax rate to better compete with states like Virginia and North Carolina.

In the final report of the *Maryland Economic Development and Business Climate Commission*, released in 2016, it was found that, "reducing Maryland's corporate income tax rate would make the State more competitive in attracting economic development and creating jobs." The report recommended that the State of Maryland reduce, over three years, the corporate income tax rate, stating that, "reducing the corporate income tax rate to 7.0% will make Maryland more competitive for businesses considering expanding or relocating in the State. It will allow businesses to lower the cost of capital, create jobs, and increase investment in the economy. This will be true for both smaller in-state businesses and larger multistate corporations." The report also concluded that reducing the corporate tax rate was affordable as it provides a relatively modest amount of State revenues compared to the individual income tax and sales tax.

If Maryland were to reduce its corporate, the message to the business community would be that Maryland is invested in supporting economic growth and job creation. Furthermore, the perception of Maryland as a less-than-friendly business state would diminish significantly.

For these reasons, the Montgomery County Chamber of Commerce supports Senate Bill 923 and respectfully requests a favorable report.

The Montgomery County Chamber of Commerce, on behalf of our nearly 500 members, advocates for growth in business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and a proud Montgomery County Green Certified Business.

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