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**House Bill 217 - Income Tax - Subtraction Modification - Expenses of Medical Cannabis
Grower, Processor, Dispensary, or Independent Testing Laboratory**

Ways and Means Committee

January 21, 2021

SUPPORT

House Bill 217 would create a subtraction modification against the State individual and corporate income tax for the amount of ordinary and necessary expenses, including a reasonable allowance for salaries or compensation, paid or incurred during the taxable year in carrying on a trade or business as a State licensed medical cannabis grower, processor, or dispensary if the deduction for ordinary and necessary expenses is disallowed under Section 280E of the Internal Revenue Code (IRC).

The passage of IRS tax provision 280E is nearly three decades old and does not reflect the current policy and political landscape, specifically that Maryland established a legal medical cannabis program in 2013. A result of this provision is the inability for medical cannabis licensees (dispensaries, processors and growers) to write off normal and usual business expenses on their taxes; this practice is afforded to all other businesses in the state.

For the aforementioned reasons, **the Chamber supports House Bill 217 and respectfully urges a favorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased 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 is proud to be a Montgomery County Green Certified Business.