



To Lead, Advocate and Connect as the Voice of Business

House Bill 922: Corporate Income Tax - Rate Reduction

Ways and Means

February 22, 2019

SUPPORT

House Bill 922 reduces the corporate income tax rate from 8.25% to 8.0% for tax year 2020, 7.75% for tax year 2021, 7.50% for tax year 2022, 7.25% for tax year 2023, 7.00% for tax year 2024, 6.75% for tax year 2025, 6.50% for tax year 2026, 6.25% for tax year 2027, and 6.00% for tax year 2028 and beyond.

Maryland's corporate income tax rate is relatively high nationally, and a number of state have reduced their corporate income tax rates recently. For example, Virginia's rate is now at 6.0% and North Carolina is at 3.0%. In addition (and as noted in the Fiscal Note), Maryland's corporate income tax provides a relatively modest amount of State revenues compared to the individual income tax and sales tax. Many distinguished economists have recommended that Maryland reduce its corporate income tax rate. In fact, the January 2016 Phase II report on taxes by the Maryland Economic Development and Business Climate Commission (the "Augustine Commission"), recommended reducing Maryland's corporate income tax to 7.0% over 3 years.

Like it or not, Maryland is consistently ranked as one of the least business-friendly states in the country in terms of tax climate. Regardless of whether it is true or not, Maryland has a perception problem when it comes to its reputation as a state that is a leader in attracting businesses. Lowering the corporate income tax is one step that Maryland can take towards improving its reputation in the business community.

For these reasons, we request a **favorable report on House Bill 922**.

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our over 400 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.