



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: House Ways and Means Committee

FROM: NFIB – Maryland

DATE: February 4, 2021

RE: **OPPOSE HOUSE BILL 495** – Individual Income Tax – Internal Revenue Code Amendments and the Federal CARES Act – Decoupling

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB-Maryland strongly opposes House Bill 495 – legislation that will increase tax liabilities on small businesses.

Small business owners have felt a disproportionate impact from the COVID-19 pandemic compared to medium- and large-sized firms. NFIB notes in a [recent study](#) that 60% of small business owners report their sales levels are still at 75% or less of pre-crisis levels. Of that same group, one-in-five tell NFIB sales are less than 50% of pre-crisis levels. That same study shows that one-in-four small business owners will close their doors permanently if economic conditions do not improve soon.

It is important to note this survey was done *after* the CARES Act was passed by Congress and the tax relief associated with it. Enacting HB495 would only exacerbate the sentiments expressed above.

House Bill 495 would serve as a tax increase for thousands of Maryland small businesses. The addition modification for net operating losses (NOLs) required in the bill would increase taxable income for filers in 2021.

Small business owners pay “business taxes” through their personal income tax returns. According to the Tax Foundation, Maryland ranks 45th on their personal income tax rate. Additionally, it is 43rd on property tax rates. The provisions of the CARES Act very

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appropriately served as a respite from these figures. It was intended to provide small businesses struggling to survive the COVID-19 crisis with much needed economic relief.

The economic recovery is taking longer in Maryland than anyone would hope for. Small businesses employ half of the workforce. Enacting HB495 would reverse the progress made so far and result in more job losses and businesses closing their doors for good. The legislature should preserve the conformity of Maryland's tax code with the provisions found in the CARES Act.

For these reasons **NFIB opposes HB495** and requests an unfavorable committee report.