



JOHN A. OLSZEWSKI, JR.
County Executive

CHARLES R. CONNER III, ESQ.
Chief Legislative Officer

KIMBERLY S. ROUTSON
Deputy Legislative Officer

JOEL N. BELLER
Assistant Legislative Officer

BILL NO.: **HB 473**

TITLE: Corporate Income Tax - Throwback Rule

SPONSOR: Delegate Stewart

COMMITTEE: Ways and Means

POSITION: **SUPPORT**

DATE: February 12, 2020

Baltimore County **SUPPORTS** House Bill 473 – Corporate Income Tax - Throwback Rule. This bill would establish the “throwback rule” which would allow Maryland to collect taxes on Maryland-based corporate income on sales in another state if those sales are not taxable in the state of the purchaser.

“Nowhere income” occurs when a company makes sales in a state that does not consider those sales to be taxable, with profits remaining untaxed in either state. Currently, Maryland does not have the authority to tax sales that are sent to another state, even if that state will not collect taxes on the sale itself. This rule would allow Maryland to collect those taxes and prevent corporations from exploiting a loophole that currently exists in the system.

Maryland stands to gain over \$70 million in new annual revenue from this change, and local highway user revenues are estimated to increase by an estimated \$1 million. These uncollected revenues could help the State to pay for critical investments in education, public safety, infrastructure upgrades and quality of life improvements.

Accordingly, Baltimore County requests a **FAVORABLE** report on HB 473. For more information, please contact Chuck Conner, Chief Legislative Officer, at 443-900-6582.