



# MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Balto. (410) 269-1940 • Fax (410) 280-2956

*President*  
**Donna S. Edwards**

*Secretary-Treasurer*  
**Gerald W. Jackson**

## **HB 473 – Corporate Income Tax – Throwback Rule House Ways and Means Committee February 12, 2020**

### **SUPPORT**

**Donna S. Edwards  
President  
Maryland State and DC AFL-CIO**

Madam Chair and members of the Committee, thank you for the opportunity to provide testimony in support of HB 473 – Corporate Income Tax – Throwback Rule. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 340,000 union members in the state of Maryland, I offer the following comments.

It is time to address the issue of corporate “nowhere income”, where an interstate corporation sells across state lines, and the profits from those sales are not collected by any state. HB 473 closes this corporate loophole ensuring that each dollar of corporate income in Maryland is subject to taxation by a single state – without double taxation on the profits – by assigning income to Maryland for the purpose of calculating the company’s tax bill.

States as varied as West Virginia and California follow this same procedure for taxing interstate business transactions. HB 473 puts Maryland small businesses on an equal footing with their large competitors, ensuring every entity is paying taxes on income earned. By not closing this loophole, Maryland is being shorted between \$46 million to \$61 million in revenue on an annual basis. That shortfall in tax revenue has to be picked up by the workers of Maryland, and it is time to provide them with relief by holding multi-state corporations accountable.

**We urge a favorable report on HB 473.**