



Testimony in Support of House Bill 473
Corporate Income Tax - Throwback Rule

Ways and Means Committee
February 12th, 2020
1:00 pm

Strong Schools Maryland supports House Bill 473 proposing to apply the “throwback” rule in determining whether sales are considered in the State for purposes of the State’s corporate income tax apportionment formula.

Strong Schools Maryland is a nonpartisan, nonprofit, 501(c)(3) organization whose sole mission is to establish a world-class public education system for every student in Maryland. We are composed of thousands of volunteers and supporters in nearly every county in the state. Our supporters consist of parents, grandparents, small business owners, retirees, students, teachers, and Marylanders from every background and age. We have built support for implementing and fully funding the 10-year phase in of the Kirwan Commission’s recommendations.

A strong public school system is critical to the long term success of our state. In order to build strong schools in every Maryland community, we must implement a new, equitable, accountable, and sustainable funding formula based on the Kirwan Commission’s recommendations. A sustainable funding source is critical in order to keep the promise our state has made to families as well as meet our constitutional obligation of a thorough and efficient public education system supported and maintained by taxation¹. To that end, Strong Schools Maryland supports House Bill 473 to contribute to the several sources of revenue, both current and new, that will be required to fully fund the Kirwan recommendations.

By applying the “throwback” rule, Maryland could generate over \$47 million by FY25. This is revenue that could be used to pay for The Blueprint for Maryland’s Future. This source of revenue allows Maryland to meet its obligation to provide a world-class education system for every student.

When we invest in our public schools, we make our economy stronger, we reduce crime, lower healthcare costs, and provide opportunities for all Marylanders to lead a life of their choice. It is critical that we support efforts that will help fund a public school system that will allow every child, regardless of where they live or which public school they attend, to receive a world-class education. It is not just the right and moral choice, it is the smart economic investment as well.

¹ Constitution of the State of Maryland, Article 8, Section 1

We urge the committee to issue a favorable report for House Bill 473.