



**TESTIMONY TO THE HOUSE WAYS AND MEANS COMMITTEE**

**HB0357 - Income Tax – Pass-Through Entity**

**POSITION: Support**

**BY: Lois Hybl and Richard Willson – Co-Presidents**

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Maryland League members understand the importance of the relationship between various revenue sources available to state government and the services provided by those revenues.

Promoting a sound economy and maintaining an equitable and flexible system of taxation are among the League's basic principles. LWVMD's positions include support for: 1) a progressive tax system, and 2) an equitable and efficient fiscal structure.

A sound revenue system must allow the State to invest in essential public goods such as education, transportation, and health care. In all three of these areas there has been serious underinvestment as demonstrated in public health with this pandemic; our roads, bridges, and transit; and the findings of the Kirwan Commission.

A fair tax treats equals as equals and must consider the fair or unfair nature of their legal framework. Companies such as LLCs are not required to pay corporate income taxes on their profits and instead pass the business income through to shareholders. Exceptionally large businesses are increasingly using pass-through structures to reduce their tax responsibilities. The State loses the opportunity to fairly tax this stream of profits.

We urge a favorable report on HB 357.