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**Written Testimony to the House Ways and Means Committee  
HB 357 - Income Tax - Pass-Through Entity - Additional Tax  
January 28, 2021**

**SUPPORT**

Good afternoon Chair Kaiser and members of the Committee. On behalf of AFT- Maryland's more than 20,000 state, municipal, and public education workers, we ask for a favorable report on HB 357.

Maryland's tax system is full of loopholes and special tax breaks that primarily benefit large corporations and the ultra-rich at the expense of small businesses and low and middle-income families. Our inequitable tax code does not provide the state with adequate resources to fund all the services we need and rely on, like schools, public health, transportation, and environmental protections.

The coronavirus pandemic has only made it worse. The state legislature must act to ensure Maryland can sustain vital public services, meet the needs of families and small businesses struggling because of the coronavirus pandemic and ensure schools have the resources to adapt to a new learning environment.

Large, multi-state and multinational corporations can take advantage of accounting gimmicks to avoid their tax responsibilities. This gives them a substantial advantage over small, Maryland-based businesses who pay their fair share in taxes.

This legislation would close loopholes that shield some corporate profits from taxation. Maryland's corporate income tax is calculated using a formula intended to measure the portion of a corporation's business activities that occur in Maryland.

It is for these reasons that we ask the committee give a favorable report to HB 357.

Marietta English  
President