

TESTIMONY FOR HB0046

CORPORATE INCOME TAX – COMBINED REPORTING

Bill Sponsor: Delegate Lehman

Committee: Ways and Means

Organization Submitting: Lower Shore Progressive Caucus

Person Submitting: Jared Schablein, Chair

Position: FAVORABLE

I am submitting this testimony in favor of HB0046 on behalf of the Lower Shore Progressive Caucus. The Caucus is a political and activist organization on the Eastern Shore, unaffiliated with any political party, committed to empowering working people by building a Progressive movement on the Lower Eastern Shore.

No time, in the viewpoint of our members, is more appropriate than now to examine closely how tax dollars are collected in Maryland. Specifically, how taxes are allocated away from low-income workers and more towards large corporations.

We all remember the significant tax cuts that the Trump Administration enacted which was a huge give away to the ultra-rich. The plan, which we all knew to be fraudulent, was to "trickle down" the substantial corporate tax cuts to low- and middle-class workers. That never occurred. These tax benefits were converted by businesses into executive bonuses and stock buybacks.

And on top of everything, Maryland continued to provide giant corporations tax breaks. Enormous multistate firms that profited greatly from the federal tax giveaway were nevertheless able to avoid paying taxes for their Maryland operations. This needs to be ended."

For such purposes of state income tax, combined reporting would recognize a parent company and its subsidiaries as one corporation. This would stop businesses from fraudulently transferring revenue to out-of-state subsidiaries in order to lower their taxable profits. Maryland must make investments in many

projects, and closing the combined reporting loophole would raise at least \$120 million annually to finance them.

Maryland need income to help its citizens and small companies that have been harmed by the outbreak of Covid-19. We believe that it's time for the large corporations to accept responsibility and contribute equitably.

It is for these reasons the Lower Shore Progressive Caucus supports this bill and recommends a **FAVORABLE** report in committee.