



**Testimony in SUPPORT of HB 46
Chairman Atterbeary
House Ways & Means Committee**

Maryland Rise is a non-partisan not-for-profit organization working to promote economic opportunity for all Marylanders, not just the wealthy and well-connected. We are testifying today in support of HB 46 because **for too long multi-state corporations have taken advantage of our State through our outdated tax code**. It is past time that we fix this by enacting HB 46. This combined reporting legislation will generate additional revenue for needed governmental services, and will create a more level playing field for our local businesses.

Right now, there is a loophole in Maryland law which allows large corporations to hide income earned in-state by moving it to subsidiary corporations out of state. Oftentimes, these subsidiary companies are created just for the purpose of such tax-evasion tactics. There are many ways for companies to conduct and pay for this kind of creative accounting, but **there is only one way to prevent it**. Combined reporting policies require firms to file their taxes together with all subsidiaries across the country, thereby eliminating their ability to hide income elsewhere. This is the only way that Maryland would be able to capture this income, and would eliminate the advantage large multi-state corporations now have over local businesses.

Right now, 29 states and the District of Columbia have enacted combined reporting legislation. Nearly half of those states have had the policy in place for almost 50 years. Others, including West Virginia and Texas, have changed their law to close this loophole more recently. The states that have passed similar laws account for more than three-quarters of the national economy, showing that enacting such legislation does not have the detrimental effect on the economy that opponents claim.

According to last year's fiscal note, this bill will raise **\$120 million in revenue** strictly from the largest out of state firms that operate within our borders. These funds are needed if we are going to make the follow through on our commitments to our students, provide quality care to our seniors, and build a future for Marylanders that leaves no one behind.

For these reasons, Maryland Rise urges a favorable report on HB 46.