

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE

House Bill 395  
Ways and Means

(Delegate Barve)

Budget and Taxation

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Maryland Business Tax Reform Commission - Reporting Requirements

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This bill changes the due date for the final report of the Maryland Business Tax Reform Commission from December 15, 2011, to December 15, 2010. Under current law the commission is required to submit an interim report to the Governor and the General Assembly by December 15, 2010, and a final report by December 15, 2011.

The bill takes effect July 1, 2010.

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Fiscal Summary

**State Effect:** None. The bill's changes will not affect the operations or finances of the Comptroller's Office or the Department of Budget and Management.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law/Background:** Chapter 3 of the 2007 special session established the 17-member Maryland Business Tax Reform Commission, which is to review the State's current business tax structure and make recommendations for changes that would provide for "fair and equitable taxation of corporations and other entities doing business in the State." Chapter 177 and 178 of 2008 increased membership of the commission from 17 to 19 by adding a representative of the Greater Baltimore Committee and a representative of an organization that represents Maryland manufacturers. The

Comptroller's Office and the Department of Budget and Management provide staff support for the task force.

The commission is required to submit an interim report of its findings to the Governor and the General Assembly on or before December 15, 2010, and issue its final report on or before December 15, 2011.

Specifically, the task force is charged with:

- reviewing and evaluating the current business tax structure; and
- making specific recommendations for changes to the State's business tax structure, which may include without limitations, tax rate changes, tax base broadening, measures to address tax avoidance, and elimination of ineffective tax policies intended as development incentives.

The study submitted by the task force must include a review and evaluation of the following options:

- imposition of combined reporting, utilizing the "water's edge method" for unitary groups of affiliated corporations;
- imposition of other business taxes including gross receipts taxes, value added taxes and alternative minimum taxing; and
- improved methods for evaluating the effectiveness of tax policies intended as economic development incentives.

The full committee has met at least six times over 2008 and 2009; its two subcommittees – the Business Incentives in the Tax Code Subcommittee and the Business Tax Reporting Subcommittee – have each held separate meetings.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 336 (Senator King, *et al.*) - Budget and Taxation.

**Information Source(s):** Comptroller's Office, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2010  
mpc/hlb

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