



# MARYLAND STATE & D.C. AFL-CIO

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**SB 311 – Corporate Tax Fairness Act of 2020**  
**Senate Budget and Taxation Committee**  
**January 29, 2020**

**SUPPORT**

**Donna S. Edwards**  
**President**  
**Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to provide testimony in support of SB 311 – Corporate Tax Fairness Act of 2020. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 340,000 union members in the state of Maryland, I offer the following comments.

Most Marylanders and small businesses already pay their fair share of taxes. Big corporations doing business and making profits in Maryland do not. Combined reporting ensures that big corporations will pay their fair share. Combined reporting allows Maryland owned small businesses to compete on an even playing field with multi-state and multi-national corporations. It removes the unfair advantage that currently exists for big corporations to engage in tax-evasion, at the expense of small businesses and Maryland's economy. Businesses that operate solely within the state cannot duplicate the tax avoidance strategies of large, multi-state corporations, and, therefore, are at a competitive disadvantage against companies with near limitless resources. Twenty-four states and the District of Columbia use combined reporting, and, according to the Fiscal and Policy Note, it would net the State an additional \$86 million to \$97 million, annually.

SB 311 also addresses the issue of corporate “nowhere income”, where an interstate corporation sells across state lines, and the profits from those sales are not collected by any state. As proposed, the bill ensures that each dollar of corporate income in Maryland is subject to taxation by a single state – without double taxation on the profits – by assigning income to Maryland for the purpose of calculating the company's tax bill. States as varied as West Virginia and California follow this same procedure for taxing interstate business transactions. SB 311 puts Maryland small businesses on an equal footing with their large competitors, ensuring every entity is paying taxes on income earned.

**We urge a favorable report on SB 311**