



TESTIMONY TO THE SENATE BUDGET AND TAXATION COMMITTEE

SB 311 Corporate Tax Fairness Act of 2020

POSTION: Support

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The League of Women Voters of Maryland believes that Maryland should have an adequate and fair system of taxation. We therefore support the use of combined reporting in Maryland which would close a loophole that allows some corporations to avoid corporate income taxes and would provide additional sorely needed revenues. Currently, corporations can shift funds to other states where they will be taxed at a lower rate.

According to the Multistate Tax Commission, a national, bipartisan association of state comptrollers and revenue departments, Maryland may be losing up to 34% of the corporate income taxes we should collect each year.

Combined reporting requires corporations which do business in several states to have a single set of books, so that all of its profits are reported. Then profits can be allocated according to the usual factors of payroll, sales and property. This would level the playing field for all corporations. The current system places a heavier state tax burden on businesses, both large and small, which do business only in Maryland.

We urge a favorable report for SB 311.