

MARYLAND FAIR FUNDING COALITION

Testimony in Support of House Bill 295 Senate Budget and Taxation Committee

Enacting Combined Reporting

The Maryland Fair Funding Coalition (MFFC) is a growing coalition of twenty-five organizations across the state who are committed to the state raising revenue to sustainably provide the resources it needs to make significant new investments in education funding and other essential services.

The MFFC supports proposals focused on eliminating loopholes and tax breaks that benefit special interests and fixing our upside-down tax code, which allows the wealthiest individuals to pay the smallest share of their income in state and local taxes. Fixing our tax system will support significant new state investments in education and ensure that large corporations and wealthy individuals are paying their share for the public services we all rely on.

Our coalition supports HB 295, which closes a major corporate tax loophole by enacting combined reporting.

Enacting combined reporting would change how corporate income tax is calculated and provide a more complete and accurate accounting of the profits corporations earn from their activities in Maryland than the current method. This legislation prevents companies from reducing their taxable profits by artificially shifting revenue out of state by treating a parent company and its subsidiaries as one corporation for state income tax purposes.

This legislation could generate more than \$120 million in annual revenue for the state once fully implemented, which could contribute significantly to the state's share for funding the Kirwan Commission's policy proposals. With a wide range of state services stretched thin, the best way to support needed investments in education is to reform Maryland's tax code to make it more effective and more equitable.

We must choose whether to commit to the investments necessary to create a world-class education system in Maryland, or to instead continue to prioritize tax breaks that benefit powerful special interests but do nothing to help our economy. Our coalition urges our legislators to commit to our students and the future of our economy. Our students cannot wait.

Therefore, we urge a favorable report on House Bill 295