

## Testimony in Support of HB 295

### *Corporate Income Tax – Combined Reporting*

#### House Ways and Means Committee

February 12, 2020, 1:00 PM

Submitted by Terrence Cavanagh, Executive Director

SERVICE EMPLOYEES INTERNATIONAL UNION MARYLAND & DC STATE COUNCIL

On behalf of Service Employees International Union, Maryland and DC State Council, I am pleased to offer our organization's **support** for **HB 295**, which will join Maryland with 28 other states and the District of Columbia in the way we compute corporate taxable income.

With over two million members, the Service Employees International Union is the largest union in North America. We are focused on uniting workers in the key service sectors to improve our lives and the services we provide. In Maryland and DC, the seven SEIU locals that make up our State Council represent over 45,000 Health Care, Property Service, and Public Service Workers.

Corporations only pay income taxes on profits, yet many of the largest companies doing business in our State can *legally* avoid any tax liability by gaming the tax code. This means that small businesses who can't afford large law firms and slick accountants are at a competitive disadvantage. Furthermore, many small business only operate in Maryland and aren't even eligible for this tax avoidance. We should level the playing field and support small businesses and entrepreneurs who are the main source of job creation.

In October of 2009 the Comptroller's office released an analysis of corporate taxes and found that if Maryland adopted combined reporting we would have seen an additional 109 to 170 million dollars in revenue. This is not a tax increase. Adopting a Combined Reporting system of corporate taxation would not drive business out of our state or create the dreaded "anti-business atmosphere". Many of the corporations testifying against this bill continue to operate and have expanded their operations in Combined Reporting states like Arizona, Utah, California and New York. Also, none of the states that have adopted Combined Reporting have repealed it.

This legislation has been introduced for many years and it hasn't passed. If we had passed the bill ten years ago, we'd be in a lot better condition financially and better able to make policy choices that would benefit all Marylanders. We can't go back and collect all that revenue, but as the saying goes, "It's never too late to do the right thing."

SEIU urges a **favorable** report of **HB 295**.

Thank you.