



**House Bill 295**  
**Corporate Income Tax - Combined Reporting**  
**February 12, 2020**

**Position: Oppose**

Madame Chair and Members of the Ways and Means Committee:

The *Restaurant Association of Maryland* opposes House Bill 295, which would require affiliated corporations to compute Maryland taxable income using a combined reporting method.

The proposed formula would create an additional tax burden on some members of our industry, potentially increasing their Maryland tax liability through a computation method that includes income from non-Maryland locations. There is no basis for crossing state lines for tax purposes on income not related to Maryland transactions.

Passage of this legislation would also discourage some restaurant groups from expanding into Maryland, especially given that new restaurants typically operate at a loss for the first couple of years as they pay off opening costs and find operational efficiencies.

For these reasons, we oppose this legislation and request an unfavorable report.

Sincerely,

A handwritten signature in black ink, reading "Melvin R. Thompson".

Melvin R. Thompson  
Senior Vice President  
Government Affairs and Public Policy