



SENATE BILL 123

Small Business Fairness Act

January 21, 2021

Position: Oppose

Mr. Chairman and Members of the Budget and Taxation Committee:

The *Restaurant Association of Maryland* opposes Senate Bill 123, which would require certain affiliated foodservice corporations with multiple locations to compute Maryland taxable income using a combined reporting method.

This legislation targets the foodservice industry. 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