



TESTIMONY TO THE HOUSE WAYS AND MEANS COMMITTEE

HB 229 – Corporate Income Tax – Throwback Rule

POSITION: Support

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Date: January 28, 2021

Promoting a sound economy and maintaining an equitable and flexible system of taxation are among the League's basic principles. LWVMD's positions include support for: 1) a progressive tax system, and 2) an equitable and efficient fiscal structure.

Maryland League members understand the importance of the relationship between various revenue sources available to state government and the services provided by those revenues. A sound revenue system must allow the State to invest in essential public goods such as education, transportation, and health care.

The Throwback Rule would require that certain sales of tangible personal property be attributed to the State for apportionment purposes. As with Combined Reporting, the broader issue is how to assure that our State received its fair share of corporate taxes from corporate sales. This is a classic "loophole" treatment of "nowhere income"

Maryland should join the many other states that use a similar rule.

We urge a favorable report on HB 229.