



MARYLAND STATE & D.C. AFL-CIO

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HB 229 – Corporate Income Tax – Throwback Rule House Ways and Means Committee January 28, 2021

SUPPORT

**Donna S. Edwards
President
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Madam Chair and members of the Committee, thank you for the opportunity to provide testimony in support of HB 229 – Corporate Income Tax – Throwback Rule. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 340,000 union members in the state of Maryland, I offer the following comments.

It is time to address the issue of corporate “nowhere income”, where an interstate corporation sells across state lines, and the profits from those sales are not collected by any state. HB 229 closes this corporate loophole ensuring that each dollar of corporate income in Maryland is subject to taxation by a single state – without double taxation on the profits – by assigning income to Maryland for the purpose of calculating the company’s tax bill.

States as varied as West Virginia and California follow this same procedure for taxing interstate business transactions. HB 229 puts Maryland small businesses on an equal footing with their large competitors, ensuring every entity is paying taxes on income earned. By not closing this loophole, Maryland is being shorted tens of millions of dollars in revenue on an annual basis. That shortfall in tax revenue must be picked up by the workers of Maryland, and it is time to provide them with relief by holding multi-state corporations accountable.

We urge a favorable report on HB 229.