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**Written Testimony before the House Ways and Means Committee
HB 172 – Corporate Income Tax – Combined Reporting and Subtraction Modification for
Combined Groups of Corporations
January 28, 2021**

SUPPORT

Good afternoon Chair Kaiser and members of the House Ways and Means Committee. On behalf of our more than 20,000 state, municipal, and public education workers, AFT- Maryland asks for a favorable report on HB 172 - Corporate Income Tax – Combined Reporting and Subtraction Modification for Combined Groups of Corporations.

AFT-Maryland supports bills that will help bring badly needed revenues into the state. With the increased funds, our state will be in a better position to compete economically, provide a world-class public education system and meet the needs of our residents who rely on state services.

Over the next few years, Maryland is going to have to face some difficult budgetary decisions when it comes to state services and public education. If the state wishes to overcome these very real challenges facing Marylanders, it will have to rethink its own tax code, finding solutions that are both more sustainable and more equitable in terms of asking wealthy, out-of-state corporations to pay their fair share of taxes.

Combined Reporting closes a loophole by which 48 of the wealthiest 150 corporations had been able to shield their taxable income in Maryland, effectively paying no taxes in the state. In addition, this bill will level the playing field by requiring these businesses pay in taxes the same amount that local, competitor business based in Maryland must pay.

Currently, 24 states and the District of Columbia have enacted some form of combined reporting—treating a parent company and its subsidiaries as one corporation for state income tax purposes. The majority of these states are states where Republicans control the legislature, like Texas, West Virginia, Michigan, Wisconsin, and others.

It is for these reasons that we ask the committee for a favorable report to HB 172. Thank you.

Marietta English
President