

# Maryland PIRG

Maryland Public Interest Research Group

## **HB229 Corporate Income Tax – Throwback Rule**

**Ways and Means Committee**

**January 28th, 2021**

**Position: Favorable**

*Maryland PIRG's mission is to deliver persistent, result-oriented public interest activism that protects consumers, encourages a fair, sustainable economy, and fosters responsive, democratic government. We are a Baltimore based, statewide, non-partisan, non-profit, citizen-funded public interest advocacy organization with thousands of members across the state.*

Maryland's corporate income tax is calculated using a formula that considers how much of a company's sales are located in Maryland. This system helps to prevent multiple states from taxing a business's profits.

However, when a company located in Maryland makes sales into another state, this income is sometimes not taxed by any state and it becomes "nowhere income." This bill would ensure that each dollar of corporate income in Maryland is subject to taxation by a single state, without double taxation or becoming so-called nowhere income.

Closing the pass-through/LLC loophole would help level the playing field for Maryland's local businesses who don't do business out of state. Reforming the system would help local businesses compete, and make sure big companies pay for the services that help them do business in Maryland.

We respectfully request a favorable report.

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