



February 23, 2022

Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 596 – UNFAVORABLE – Corporate Income Tax – Single Sales Factor Apportionment – Deferred Tax Relief

Dear Chair Guzzone and Members of the Senate Budget and Taxation Committee:

The Maryland Transportation Builders and Materials Association (MTBMA) has been and continues to serve as the voice for Maryland's construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 596 creates a subtraction modification against the corporate income tax for publicly traded corporations that saw an increase to their net deferred tax liability, a decrease to their net deferred tax asset, or a change from a net deferred tax asset to a liability as a result of the enactment of Chapters 341 and 342 of 2018, which required those corporations to apportion their income using a single sales factor formula. This subtraction—equal to one-tenth of the amount of that change—may be used to reduce their state modified income for ten consecutive years, beginning with the first qualifying year after 2031.

While Senate Bill 596's goal of providing tax relief to the corporations negatively impacted by the switch to the single sales factor rule is laudable, MTBMA has concerns about the impact this will have on the Transportation Trust Fund (TTF). Under current law, a portion of the corporate income tax is distributed to the TTF to help fund, among other items, state highway projects and transportation grants to local jurisdictions; thus, if this bill decreases a corporation's income tax liability, overall revenues to the TTF would decrease accordingly. MTBMA's position centers around the concern that Senate Bill 596 would result in less money available to fund critical repairs to the roads and bridges that form the backbone of Maryland's transportation infrastructure.

We appreciate you taking the time to address this important issue, and we urge an unfavorable report on Senate Bill 596.

Thank you,



Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association