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MARYLAND ASPHALT ASSOCIATION



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February 9, 2022

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

RE: Senate Bill 360 – UNFAVORABLE – Corporate Tax Fairness Act of 2022

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

The Maryland Asphalt Association (MAA) is comprised of 18 producer members representing more than 47 production facilities, 24 contractor members, 24 consulting engineer firms and 41 other associate members. We proactively work with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 360 would amend Maryland's corporate income tax structure to adopt "combined reporting," in which the calculation of the overall income tax liability for a combined group of corporations or pass-through entities doing business in Maryland must take into account the combined income of all members of the combined group. It also specifies the circumstances under which sales of tangible personal property must be included in determining the Maryland taxable income of a multistate corporation. Finally, it alters the distribution of State corporate income tax revenues to include a share that would be distributed annually to the Blueprint for Maryland's Future Fund.

MAA opposes the move to "combined reporting" because implementing such a complex system with no guarantee of a material increase to State revenues would put Maryland at a significant competitive disadvantage when compared to our immediate neighbors at a time during this nascent recovery when Maryland businesses are still struggling to overcome the impact of COVID-19 and stay afloat. Now is not the time to jeopardize the progress we've made so far as a state by imposing additional burdensome administrative requirements that will harm our efforts to attract and retain businesses, promote economic opportunities, and add more jobs to the Maryland economy.

We appreciate you taking the time to address this important issue, and we urge an unfavorable report on Senate Bill 360.

Thank you,

Marshall Klinefelter
President
Maryland Asphalt Association