



March 7, 2023

Maryland General Assembly
Maryland State Senate
Budget and Taxation Subcommittee

3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Senate Bill SB0576, FAVORABLE

Dear Chairman Guzzone and members of the committee,

Thank you for allowing me to submit testimony in support SB0576, Combined Reporting, for the 2023 legislative session.

My name is Jim Racheff. I am a Maryland resident and have started three small businesses based in Maryland. The largest concern is a leading biotechnology company with more than 100 employees that was named one of the Maryland Technology Council's "Firm of the Year." I have been honored to be named Frederick County Entrepreneur of the Year and was a member of County Executive Gardner's Business and Industry Cabinet. I've come to speak to you today about a couple of terms we hear bantered about an awful lot these days.

The first is "business friendly." In some respects, the State of Maryland is very business friendly. Businesses in Maryland draw consumers from households with the highest median household income in the United States and draw employees from a highly educated workforce: ranked 2nd in the Nation for per capita college and graduate degrees and boasts the highest-rated public school system in the country. These factors and many others – rather than marginal tax differential – are what make Maryland an attractive economy for businesses of all sizes.

The other term we hear a lot these days is "job creation." We know that most net job growth comes from high-impact small businesses. And we know that small businesses drive the innovation economy, patenting at an annual rate up to 13 times that of large corporations. We also know that small businesses pay 3 times in taxes and 4 ½ times the cost to comply with regulations than their large business counterparts. And now we hear that over a third of the largest corporations doing business in the State typically pay no corporate income tax?

We don't begrudge paying our fair share of taxes; as I mentioned earlier, Maryland is a great State with many economic advantages. Nor do we dismiss the important role that larger, multi-state businesses play in our state's economy. But small businesses often find themselves at a competitive disadvantage - and we don't have armies of tax attorneys, CPAs, public relations experts, and lobbyists to find every accounting trick and defend every loophole.

To ask the companies we rely on for job creation, innovation, and economic stability to pay not only their share but also subsidize their multi-state counterparts seems counter-intuitive and - dare I say it - "Business Unfriendly." We are not asking for an unfair advantage - only that we get an even playing field.

Respectfully submitted, Jim Racheff
314 Upper College TER, Frederick Maryland 21701

A handwritten signature in black ink that reads "Jim Racheff".