

**SB968: Income Tax – Captive Real Estate Investment Trusts – Alterations**  
**Budget & Taxation Committee – March 15, 2023**  
**Sponsors: Senator Nancy King, Senator Sarah Elfreth**  
**Position: FAVORABLE**

**Testimony on Behalf of Unibail-Rodamco-Westfield**

Chairman Guzzone, Vice Chairman Rosapepe, and members of the Committee, thank you for the opportunity to testify today.

We are here today testifying on behalf of Unibail-Rodamco-Westfield, which operates 78 shopping centers in 12 countries, including 45 under the Westfield brand which includes Annapolis Mall, Montgomery Mall, and Wheaton Mall in Maryland. These properties generate over \$50 million in tax revenues for Maryland governments per year.

URW supports SB968 and asks the Committee to give it a Favorable report.

**Background:**

In 2007, the General Assembly adopted legislation to prevent national corporations from misusing the Real Estate Investment Trust (REIT) tax structure as a means to reduce state corporate income and franchise tax liabilities by setting up a Captive REIT. The legislation did allow for three exemptions that included an allowance for a “listed Australian property trust”.

In 2007, Westfield was owned by an Australian property trust. In December of 2017, Westfield was acquired by the French property group Unibail-Rodamco.

Subsequent to the MD legislation being adopted, the Multistate Tax Commission adopted model state legislation in 2008 which was updated further in 2011. The MTC recommended language expands the exemption beyond just Australian property trusts to include Qualified Foreign Entities that meet stated requirements.

SB968 will update the Maryland Annotated Code to include the Qualified Foreign Entity allowance that will recognize all US REITs owned by foreign based REIT entities such as French, Dutch, United Kingdom, and Japanese REITs and not just those from Australia. SB968 will incorporate the recommendations of the Multistate Tax Commission.

Other states that acted before the MTC model legislation was released have updated their laws to include REITs that have ownership other than Australia, ie: New York, Illinois.

This legislation will allow URW to continue to operate as it does today and how the 2007 law intended.

We request a FAVORABLE report and look forward to your questions.