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THE MARYLAND HOUSE OF DELEGATES
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HB 39- CORPORATE INCOME TAX RETURNS OF PUBLICLY TRADED CORPORATIONS
- REPORTING REQUIREMENT

MARCH 29, 2023

Chair Guzzone, Vice Chair Rosapepe, and Members of the Budget and Taxation Committee,

Maryland currently has a corporate income tax rate of 8.25%. However, few large, multi-state companies actually pay this rate and, in some cases, these large corporations pay no state taxes at all. Based on the most recent aggregate data from the Comptroller's office in 2018, at least 48 of the 150 largest corporations in Maryland paid no corporate income taxes.¹ Large businesses in Maryland are able to pay a lower rate by:

- 1) Taking advantage of various loopholes in Maryland's laws (like its failure to require combined reporting),
- 2) Taking advantages of various Maryland-specific tax incentives (like excessively generous apportionment rules and tax credits),
and
- 3) Taking advantage of federal tax breaks that flow into Maryland's tax code.

With this legislation we will have an accurate accounting of how many companies have utilized these vulnerabilities in Maryland's tax code. This bill requires that the Comptroller compile and sends an annual report to the Governor and the General Assembly that identifies the number of publicly traded corporations conducting a trade or business in another state that are required to file an income tax return and the number of these publicly traded corporations identified that paid no amount of state income tax.

I respectfully request a favorable report on HB 39.

¹ Maryland Comptroller, Letter to Sen. Paul Pinsky. Jan 20, 2022