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**VIA EMAIL**

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February 23, 2023

Delegate Vanessa E. Atterbeary, Esq.  
Delegate Jheanelle K. Wilkins  
House Ways and Means Committee  
House Office Building  
6 Bladen Street  
Annapolis, Maryland 21401

Re: **MSBA Business Law Section Council**  
House Bill 39 (Effective Corporate Tax Rate Transparency Act of 2023)

Dear Chair Atterbeary and Vice-Chair Wilkins:

The Business Law Section Council (the “Business Section Council”) of the Maryland State Bar Association (“MSBA”) annually reviews proposed legislation that may have an effect on Maryland businesses. Our review, and the review of the MSBA’s Taxation Law Section (the “Tax Section”), of House Bill 39 (Effective Corporate Tax Rate Transparency Act of 2023) (the “Bill”) has generated a few concerns. We respectfully request that this letter be placed in the Bill file, as the hearing for this Bill and the deadline to submit written testimony has passed (the hearing was on February 2, 2023). For the reasons listed below, the Business Section Council and the Tax Section oppose the Bill as introduced and currently constructed.

We believe that the Bill would impose unnecessary additional tax reporting obligations on publicly traded corporations and could make Maryland a less desirable state for publicly traded corporations to do business in and choose to locate their headquarters. Further, the Bill’s certification requirements would unnecessarily expose individuals who sign the new filings on behalf of such corporations to potential liability.

This proposed legislation will not likely result in any improvement in laws, or the administration of laws, relating to taxes. Additionally, the Bill is contrary to the sound principles

of simplicity and administrative ease in taxing systems. The Bill proposes to mandate annual reporting of publicly traded corporations' "effective tax rate," which the Bill defines as the quotient of such a corporation's Maryland tax liability and its separate-company book income apportioned to Maryland using an apportionment formula discontinued by the General Assembly for tax years after tax year 2021. It is unclear how evaluating a business's book income with its state tax liability will result in an improvement of the administration of state tax. There are too many variances in how or when income and deductions are reportable under Generally Accepted Accounting Principles versus Maryland's tax regime, which is based on federal tax laws incorporated into (with some state-level legislative adjustments) Maryland's tax statutes, to allow Maryland policymakers to accurately determine that a business is paying its fair share in income taxes.

As a result of the provisions outlined above, we believe that the Bill would create a new and unnecessary administrative burden for both Maryland businesses and the Comptroller.

We therefore respectfully suggest that, in lieu of the Bill as currently proposed, the Bill be revised to address the concerns listed in this letter. Members of the Business Section Council and the Tax Section would be willing to assist with this effort if requested.

Very truly yours,



Penny Somer-Greif, Chair  
MSBA Business Law Section Council



Scott Schwartzberg, Chair  
MSBA Section of Taxation Law

cc: Ms. Shaoli Katana, MSBA Director of Advocacy Initiatives