

MARYLAND FAIR FUNDING COALITION

**Testimony in Support of HB 39
Delegate Vanessa Atterbeary, Chair
House Ways & Means Committee**

The Maryland Fair Funding Coalition is a coalition of more than 30 organizations across the state that are committed to creating a fair and equitable tax system that supports the public services families and communities need to thrive.

The coalition supports proposals focused on eliminating loopholes and tax breaks that benefit special interests and fixing our upside-down tax code, which allows the wealthiest individuals to pay the smallest share of their income in state and local taxes. We believe large, profitable corporations should pay what they truly owe in taxes and not expect working families to continue to subsidize more than their share of taxes that support our roads, schools, and infrastructure.

Our coalition supports HB 39, which would provide more information about what corporations are truly paying in state taxes.

Maryland's current statutory tax rate for corporations is 8.25%. However, the reality is that most large, multi-state corporations actually pay a far lower effective tax rate – the percentage of their total income they are paying in taxes. This is due to the special tax breaks and loopholes inserted into our tax system by special interest groups. Multistate and multinational corporations operating within Maryland can use tax-avoidance strategies to limit their tax responsibility in Maryland. This comes at the cost of public investments like transportation, education, and healthcare.

While we know, based on data from the Maryland Comptroller's Office, that year after year about one-third of the largest corporations doing business in Maryland pay zero income taxes, we don't know why that is. And for those two-thirds that are paying taxes, the public information currently available sheds no light on the whether they are paying something close to the statutory rate or something far lower. Maryland has failed to close two major corporate tax loopholes that most other states have closed, but it is challenging to assess the true cost to the state because we have limited information about corporations' overall profits.

HB 39 would provide more information about the actual tax rate corporations are paying in Maryland and help ensure that state policies are asking corporations pay what they truly owe in taxes to support the public services they benefit from.

Therefore, we urge a favorable report on HB 39