



April 10, 2023

The Honorable Vanessa Atterbeary
Ways & Means Committee
House Office Building
Annapolis, MD 21401

Re: SB 240 *“Income Tax – Out-of-State Taxes Paid by Pass-Through Entities – Addition Modification”* - **FAVORABLE AS AMENDED**

Dear Chairman Atterbeary and Members of the Committee,

The Maryland Association of Certified Public Accountants (MACPA) is a membership organization with nearly 9,000 CPA members. Our members serve thousands of individual and business clients throughout the state.

Senate Bill 240 creates a new addition modification for members of a pass-through-entity (“PTE”) where the PTE pays an entity level tax in other states for which the member claims a credit on his/her Maryland tax return. The goal of the bill is to create parity in the Maryland tax treatment of members of a PTE doing business in Maryland and a PTE doing business in other states. The bill will also result in a revenue increase for Maryland as it will fill a gap that currently exists in Maryland law, created by the proliferation of other states’ adoption of PTE entity level taxes.

The MACPA State Tax Committee worked with the Comptroller’s Office in drafting the wording of the amendment to the bill, SB0240/683226/1. We believe that the amended bill fulfills the goal as well as makes clear the operation of the addition modification. The MACPA appreciates the cooperative spirit of the Comptroller’s staff during those discussions for reaching agreement for the amendment.

We respectfully request a favorable report of the bill as amended.

Thank you very much for the opportunity to offer these comments for your consideration. If you have any questions or if we can provide additional information, please contact Mary Beth Halpern of the MACPA at marybeth@macpa.org or (443) 632-2330.

Sincerely,

MACPA State Tax Committee

cc: Nick Manis, Manis Canning & Associates