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OPPOSE – House Bill 0039
HB0039 – Effective Corporate Tax Rate Transparency Act of 2023
Ways and Means Committee
Thursday, February 2, 2023

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 280,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Unfavorable

Potomac Edison / FirstEnergy **opposes House Bill 0039 – Effective Corporate Tax Rate Transparency Act of 2023**. HB 39 requires a publicly traded corporation, that files a Maryland income tax return, to attach a statement that includes certain information relating to the corporations' effective tax rate.

Potomac Edison / FirstEnergy requests an Unfavorable report on HB 0039 for the following reasons.

The requirements of HB 0039 are overly burdensome to a public utility company. FirstEnergy already files financial statements and other reports quarterly, and annually, to the Federal Energy Regulatory Commission and the Maryland Public Service Commission. Taxpayers already has access and can view these documents and other public filings of similar information. Creating additional tax form attachments is unnecessary and would needlessly bulk-up tax filings.

The effective tax rate (income tax liability over book income) includes factors such as depreciation and net losses and does not capture the complexities of a corporation's assets or structure. Hence, a lower effective tax rate does not mean a corporation employed crafty accounting practices to minimize their tax bill. If the intent of this bill is to identify corporations that are not paying their fair share of taxes, this plan does not accomplish that.

Potomac Edison / FirstEnergy is highly regulated in each of the states in which we serve customers and is already subject to extremely strict accounting. The requirements of HB 0039 are unnecessary for public utilities. If this bill were to progress, we would suggest there be an "exception or carve-out" added to the statute for companies that are already required to file financial statements with the Federal Energy Regulatory Commission.

For the above reasons, Potomac Edison / FirstEnergy respectfully request an **Unfavorable** report on House Bill 0039.