



LEGISLATIVE POSITION:

Unfavorable

House Bill 39

Effective Corporate Tax Rate Transparency Act of 2023

House Ways & Means Committee

Thursday, February 2, 2023

Dear Chairwoman Atterbeary and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,400 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and recovery for Maryland businesses, employees, and families.

House Bill 39 would require publicly traded corporations or subsidiaries of publicly traded corporations to disclose their “effective corporate tax rate.” In a statement made under oath, a corporate entity must provide an itemized explanation for the calculation of their tax rate. This statement must be submitted to the Comptroller, who is required to collect and report this information to the Governor and General Assembly, annually.

Misleading Information

The effective corporate tax rate is a simple figure that does not capture the tax policy differences made by this body as it relates to corporation’s state tax liability. The effective tax rate (income tax liability over book income) would not include factors such as depreciation or the treatment of net losses. Excluding these important decisions would lead to a misleading calculation of a corporation’s tax burden. HB 39 would produce a superficial number that could not be used to accurately assess the effectiveness of Maryland’s corporate tax structure.

Unnecessary

The information necessary to calculate the “effective corporate tax rate” outlined in the bill is already included on a corporate return and therefore is already available to the Comptroller’s Office.

Administrative Burden

This added requirement will increase the cost and time necessary to prepare corporate returns for both businesses and tax practitioners.

Competitive Disadvantage

This requirement would be unique to Maryland and the additional administrative burden would further discourage investment and notch another tally against Maryland’s overall economic competitiveness at a time when Governor Moore is laser focused on creating a more favorable businesses climate.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on House Bill 39.