



March 12, 2012

The Honorable Edward J. Kasemeyer
Budget and Taxation Committee
Miller Senate Office Building, 3West
Annapolis, MD 21401

RE: SB 269 – Maryland Business Tax Fairness Act - **Oppose**

Dear Senator Kasemeyer:

This bill would alter Maryland's income tax laws to impose a system of mandatory unitary combined reporting for corporations, effective for taxable years beginning after December 31, 2012. It would require all business entities of a corporate group under common ownership to file a Maryland income tax return combining all profits and losses of the entities, as long as at least one entity is subject to Maryland income taxes. The Comptroller would have extensive authority to adopt regulations, which must be consistent with standards of the Multistate Tax Commission.

The Legislative Committee of the Carroll County Chamber of Commerce opposes SB 269 as a bill that would result in an unfair and unmanageable corporate tax system. This could lead to increased reporting burdens and taxes on businesses. The current system is fair and consistent with other states.

Implementing this income tax system increases the tax burden on providers of good and services, making it more difficult to operate a business in our state. If we want to encourage new business, foster business growth and retain current businesses we need to look for other ways to meet budget shortfalls. The volume of new taxation bills are beyond troubling. These signs indicate that there is a lack of political will to make difficult budget choices including cutting expenditures and instead place the burden on the backs of those who provide jobs, goods and service to Maryland.

The ability of our state to attract multistate corporations will depend on two factors. First, the fiscal policies fostered by our government and, second, the tax burden. We are at the bottom of both of these factors and this bill makes us less attractive as compared to surrounding states.

For these reasons, we ask that your committee give SB 269 an unfavorable report.

Sincerely,

A handwritten signature in black ink that reads 'Michael McMullin'.

Michael McMullin
President
Carroll County Chamber of Commerce

cc: Senator Joseph M. Getty
Delegate Susan W. Krebs