



THE VOICE OF MONTGOMERY COUNTY BUSINESS

SENATE BILL 205: CORPORATE INCOME TAX – FEDERAL REPATRIATION HOLIDAY

BUDGET AND TAX COMMITTEE

FEBRUARY 8, 2017

SUPPORT

The Montgomery County Chamber of Commerce ("MCCC"), as the voice of Montgomery County business, **supports Senate Bill 205**, which creates a subtraction modification under the State corporate income tax for dividends received by a corporation from a controlled foreign corporation (CFC) if part of the "repatriation holiday" under the applicable section of the Internal Revenue Code. The Federal repatriation holidays are designed to encourage businesses with subsidiaries located in other countries to return some of those overseas profits to the U.S. U.S. companies creating overseas subsidiaries to avoid paying U.S. taxes is a serious problem and the MCCC believes that a repatriation holiday is a reasonable solution.

We understand that Congress created a Federal repatriation holiday in 2004; however no current Federal repatriation holiday exists. Nevertheless, a Maryland repatriation holiday would create an incentive for U.S. shareholders to receive dividends from a CFC that they would have kept overseas but for the tax holiday. In turn, Federal and State tax revenues will increase because the taxes paid on these dividends would have never been collected without the incentive.

The MCCC understands that companies make foreign and domestic tax decisions for a variety of reasons, but creating an incentive for U.S. companies to pay taxes at home makes sense. SB 205 may not be a perfect solution, but it at least deserves a chance. For these reasons, we request a **favorable report on House Bill 282**.

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our members by advocating for increased business opportunities, strategic investment in infrastructure and balanced tax reform to advance Metro Maryland as a regional, national and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.

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