



To Lead, Advocate and Connect as the Voice of Business

SENATE BILL 357: BUSINESS RELIEF AND TAX FAIRNESS ACT OF 2017

BUDGET AND TAXATION COMMITTEE

FEBRUARY 22, 2017

OPPOSE

The Montgomery County Chamber of Commerce ("MCCC"), as the voice of Montgomery County business, **opposes Senate Bill 357**, which requires specified corporations to compute Maryland taxable income using a specified combined reporting method.

The MCCC opposes the restructuring of the corporate income tax to impose combined reporting in Maryland. This issue has been discussed since at least 2007 when the Maryland Business Tax Reform Commission (the "Commission") was created during the 2007 Special Session to review and evaluate the State's business tax structure. The Commission issued its final report and recommendations on December 15, 2010 which included recommending against combined reporting.

The Maryland Economic Development and Business Climate Commission chaired by Norm Augustine also reviewed 'combined reporting' in 2015 as part of its examination of the present day tax structure in Maryland. Recommendation #5 of the Phase II: Taxes report explicitly states "Do not adopt combined reporting and indicate clearly the intent not to do so."

Combined reporting is a complex matter for both the taxpayer and the State. The report explains that combined reporting creates revenue volatility and can lead to additional litigation from taxpayers. It is not clear that combined reporting results in a revenue gain for Maryland.

For these reasons, we request an **unfavorable report on Senate Bill 357**.

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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