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**Senate Bill 1022: Corporate Income Tax - Single Sales Factor Apportionment Exemption -
Worldwide Headquartered Company Election**

Budget and Taxation

March 27, 2019

SUPPORT

Senate Bill 1022 alters the number of employees that a worldwide headquartered company must have for purposes of the single sales apportionment exemption. If the parent corporation is a franchisor, it must employ at least 400 full-time employees at the parent corporation's principal executive office that is located within the State to be considered a worldwide headquartered corporation.

In 2018, legislation was enacted to phase in a single sales factor formula used to apportion income to Maryland for the corporate income tax. All corporations, with an exception for "worldwide headquartered companies," will have to use the new income apportionment formula. The single sales factor statute states that a company with at least 500 full-time employees at its principal executive office may elect not to use the new apportionment formula enacted in that statute. However, Choice Hotels would like to use the "worldwide headquarters company" exception, because it would allow the status quo calculation of Maryland tax. The exception is not available to Choice because it currently requires 500 full-time employees at the company headquarters.

For these reasons, we request a **favorable report on Senate Bill 1022.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our over 400 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.