



THE VOICE OF MONTGOMERY COUNTY BUSINESS

HB 584 CORPORATE INCOME TAX-COMBINED REPORTING

**HOUSE WAYS AND MEANS COMMITTEE
FEBRUARY 25, 2010**

OPPOSE

The Montgomery County Chamber of Commerce ("MCCC"), as the voice of Montgomery County business, **opposes HB 584** requiring corporations that are part of a unitary group to file corporate income tax under the combined reporting method and apportion income to Maryland based on the three-factor formula (property, payroll and sales), beginning tax year (TY) 2010.

The Montgomery County Chamber of Commerce continues to oppose restructuring the corporate income tax to impose combined reporting in Maryland because of its negative impact on corporate headquartered companies. Further, the determination as to which entities are part of a "unitary" group is fact specific and audits become highly complex and time consuming. The final determination as to what is a "unitary" group is more likely to be litigated in order to resolve.

The Maryland Business Tax Reform Commission was created during the 2007 Special Session to review and evaluate the State's current business tax structure and make specific recommendations for changes, including the imposition of combined reporting. Substantial income data was required as a necessary part of that evaluation. Any action prior to the Commission's final report is premature.

The work of the Commission should continue uninterrupted and a more acute evaluation will need to take place in light of current recessionary conditions. Data from TY 2008 and 2009 are likely to be dramatically different than data the Comptroller has recently received for TY 2006 and 2007. Businesses are struggling and may struggle for some time and we would urge the State not to make dramatic changes in its tax policy. The Comptroller may find that multi-state companies would import substantial losses into Maryland for purposes of tax liability under a system of combined reporting, if it were in fact the law today.

For these reasons, we request an **unfavorable report on HB 584**.

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