



Hello Justin,

Proposed Legislation Could Bring \$100 Million for Maryland

For the past several years I have introduced legislation that would reform the corporate income tax process by implementing an accounting method called *combined reporting*. This process would prevent corporations from using sham paper transactions to move taxable profits earned in Maryland to out of state subsidiaries in low or no tax states, effectively evading the State's 8.25% corporate income tax.

During the 2007 Special Legislative Session, the issue of combined reporting came very close to becoming law, passing the House but failing in the Senate. My colleagues and I, however, required that the Maryland Comptroller's Office collect information from businesses over the last several years in order to estimate the potential revenue of combined reporting. Last week, the Maryland Comptroller's Office indicated that **combined reporting could generate \$100 million in yearly corporate income tax revenue for Maryland.**

Combined reporting would require corporations to take into account and report the combined income and expenses of all the company's subsidiaries and then allocate the appropriate amount to Maryland. This process would replace "unitary" reporting in which a corporation simply reports supposed profits generated by the Maryland division of its business to the State.

Just to be clear, the process of combined reporting does not constitute a new tax. Rather it is simply a way to enforce current Maryland tax law, ending accounting loopholes that allow big businesses and corporate chains to skirt Maryland taxes. These practices give large corporations an advantage over our local businesses and limit the potential of our State. Currently, Maryland is looking down the barrel of another \$700 million in cuts to a budget that has already been pared down significantly. This \$100 million in projected revenue could be used to continue providing the services that make Maryland a great place to live.

I fully intend on reintroducing this legislation in 2010. I hope for your support in my efforts to help the State of Maryland receive what it is legally due.

I encourage you to read this [article](#) published in the Gazette on July 3rd to learn more about the status of combined reporting.

As always, if you have any questions or concerns please contact me at 301-858-3652 or justin.ross@house.state.md.us.

Sincerely,

Justin Ross

By Authority, Friends of Justin Ross, Jane Ross, Treasurer

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