



# MARYLAND STATE & D.C. AFL-CIO

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## **HB 330 – Effective Corporate Tax Rate Transparency Act of 2021 House Ways and Means Committee January 28, 2021**

### **SUPPORT**

**Donna S. Edwards  
President**

**Maryland State and DC AFL-CIO**

Madam Chair and members of the Committee, thank you for the opportunity to provide testimony in support of HB 330 – Effective Corporate Tax Rate Transparency Act of 2021. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 340,000 union members in the state of Maryland, I offer the following comments.

To craft effective corporate tax policy that will benefit Maryland, legislators and policy makers need accurate, pertinent, and timely information on the real-world implications of existing tax law. Under our current tax reporting system, which is relatively opaque, it can be difficult to determine where tax policy is effective in benefitting the needs of Marylanders, and where it can be improved.

HB 330 significantly changes the tax reporting of corporations to the Comptroller's office, to include actionable information for policy makers and taxpayers. The most important change is calculating the "Effective Corporate Tax Rate" of businesses by comparing their actual tax burden with the book income of the corporation. Additionally, publicly traded corporations will need to provide the exact methodology of calculating their effective tax rate, including credits, subtraction modifications, and net operating losses carried forward and backward. After that calculation is complete, they will then need to provide a comparison of the effective rate both before and after the application of the credits and deductions.

Annually, the Comptroller will release a report on publicly traded corporations, allowing policy makers and taxpayers to see which tax loopholes are being used and which deductions are being taken. Having this information will allow all of us to better determine how to craft tax policy going forward, that will help taxpayers, Maryland's communities, and workers and their families.

**We urge a favorable report on HB 330.**