



POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 765 -- MARYLAND TAX REVISION COMMISSION

February 21, 2020

DONALD C. FRY

PRESIDENT & CEO

GREATER BALTIMORE COMMITTEE

Position: Support with Amendment

House Bill 765 creates the Maryland Tax Revision Commission, which would analyze the State's current tax systems, propose solutions for meeting future revenue needs, identify economic activities that benefit from tax policy, and make recommendations regarding tax credits and tax structure. The bill requires that the commission issue a report of its findings and recommendations on or before December 1, 2021.

The Greater Baltimore Committee (GBC) supports House Bill 765 with an amendment to add representatives from the business community. The GBC contends it is imperative that the Maryland Tax Revision Commission achieves a balanced representation of legislators and stakeholders from the business community. It is recommended that the Maryland Tax Revision Commission add representatives from the Greater Baltimore Committee, Greater Washington Board of Trade, Maryland Chamber of Commerce, and Maryland Tech Council.

Passing tax legislation in a piecemeal fashion increases the likelihood of creating inefficient and disjointed policy. House Bill 765 addresses this issue by initiating a comprehensive review of Maryland's entire system of taxation and creates the opportunity for a top down review and overhaul. This bill focuses on ensuring a balanced revenue stream, but also addresses fairness and competitiveness issues, which remain at the core of tax reform.

In many ways, Maryland's tax structure is a product of a bygone era that heavily focused on the sale of goods and products rather than services. Additionally, the current tax structure was largely instituted in an era before the Internet or online purchasing. A modernized system that is simpler in nature and applies across a broader spectrum is likely fairer and more equitable.

Regarding corporate tax rates and taxation of business entities, the GBC asserts that passing legislation in a vacuum and with limited consideration of how tax law changes relate to one another harms Maryland's competitiveness and hampers job creation efforts. It is paramount that a variety of voices are considered when debating significant changes to the way businesses and corporations are taxed. The goal, if done collaboratively, is a tax structure that is fair, competitive, and able to make investments in a better Maryland for all its citizens.

House Bill 765 as amended would be consistent with a key tenet in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth:

Tax structure that is fair and competitive. Maryland's tax policy must be perceived by business as being competitive and devoid of elements that unreasonably target specific businesses or business sectors.

Furthermore, the Greater Baltimore Committee's *2020 Legislative Priorities* state that a key priority is building a competitive, predictable and fair tax system. The passage of House Bill 765 would be an important step to meeting this important priority.

For these reasons, the Greater Baltimore Committee urges a favorable report with amendment on House Bill 765.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 65-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

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