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March 6, 2024

## **Proposed Deferred Tax Deduction Should Be Removed from H.B. 2798 (Single Sales Factor Apportionment)**

### **Testimony of Michael Mazerov, Senior Fellow, Center on Budget and Policy Priorities, Before the Kansas Committee on Taxation**

Chair Smith, Vice-Chair Bergkamp, and members of the committee, I am Michael Mazerov, a Senior Fellow with the State Fiscal Policy division of the Center on Budget and Policy Priorities in Washington, D.C. The Center is a nonpartisan research and policy institute that pursues federal and state policies designed to reduce poverty and inequality and to restore fiscal responsibility in equitable and effective ways. We apply our expertise in budget and tax issues and in programs and policies that help low-income people to help inform debates and achieve better policy outcomes.

I appreciate the opportunity to submit testimony in opposition to the inclusion in H.B. 2798 of a new deduction intended to offset the impact of the switch to single sales factor apportionment on the profit of publicly traded corporations reported on their financial statements. While more than 30 states have switched to a single sales factor formula for their corporate income taxes over the past 35 years, none of them have adopted such a deduction. Maryland has twice rejected the enactment of such a deduction in recent years. (See: Senate Bill 596, 2022 legislative session, <https://mgaleg.maryland.gov/mgaweb/Legislation/Details/sb0596/?ys=2022rs> and Senate Bill 458, 2019 legislative session, <https://mgaleg.maryland.gov/mgaweb/Legislation/Details/SB0458/?ys=2019rs>.)

In lieu of written testimony, I am submitting here a 2019 report I wrote on proposals for deferred tax deductions. It is also available at this link: <https://www.cbpp.org/sites/default/files/atoms/files/5-13-19sfp.pdf>.

I look forward to providing oral testimony to the committee on March 6th. I can be reached at [mazerov@cbpp.org](mailto:mazerov@cbpp.org).