

September 17, 2008

Senator Paul G. Pinsky
James Senate Office Building, Room 220
11 Bladen Street
Annapolis, MD 21401

Dear Senator Pinsky:

This letter is in response to your request regarding the amount of corporate income taxes paid by the largest corporations in the State. As we have in the past, we have identified the largest corporations as those with the largest individual income tax withholding accounts. We are reporting this data as we have in the past, broken down by size and by industry.

You should be aware that this information does not provide a full picture of the corporate income taxes paid by many “businesses” as commonly perceived. There are many businesses with one dozen or more separate accounts in our system, some or all of which could be paying corporate income tax. These separate entities could be set up for management, insurance, finance or other purposes, but in the public mind they represent one “business.” Our tax system does not tie related entities together to find the total corporate income tax paid by the “business” as a whole.

The attached tables provide a variety of information about corporate income taxes paid by the 150 largest corporations in the State in 2005 and 2006, including how many did not pay any tax. As you know, there are several legitimate reasons for paying no income tax in any given year, including having no profits in that tax year, using carry-forward or carry-back losses to reduce income, and using income tax credits to reduce liability. There are also illegitimate reasons for paying no income tax in any given year. You will also find a listing of the corporations included in this analysis sorted alphabetically in cohorts of descending size, along with the associated industry.

I hope this information is responsive to your request. If you have any questions, please do not hesitate to contact me at (410) 260-7450.

Sincerely,

David F. Roose

cc: Linda Tanton
Len Foxwell
David Weaver

Corporate Income Taxes Paid
Non-Government Taxpayers with Largest Payrolls
Tax Years 2005 and 2006

Tax Year 2005			
Industry Sector	Income Tax (\$)	Accounts	
		Total	Taxpaying
Manufacturing	12,842,813	36	20
Transp, Comm, Utilities	41,052,903	16	11
Tretail	27,393,273	17	11
Financial, Banking	53,838,389	20	13
Nonprofit & Other	18,316,948	61	28
Total	153,444,326	150	83

Tax Year 2006*			
Industry Sector	Income Tax (\$)	Accounts	
		Total	Taxpaying
Manufacturing	21,991,844	38	18
Transp, Comm, Utilities	28,276,430	18	11
Tretail	27,004,099	17	12
Financial, Banking	16,434,125	18	9
Nonprofit & Other	19,730,545	59	24
Total	113,437,043	150	74

Payroll Rank Excluding Not-for-Profits	Income Tax (\$)	Accounts	
		Total	Taxpaying
First 25	92,081,170	21	15
Second 25	6,911,268	20	11
Third 25	27,808,385	20	13
Fourth 25	11,606,111	24	15
Fifth 25	6,686,810	19	9
Sixth 25	8,155,831	23	16
Total	153,249,575	127	79

Payroll Rank Excluding Not-for-Profits	Income Tax (\$)	Accounts	
		Total	Taxpaying
First 25	39,913,547	21	14
Second 25	20,589,889	17	11
Third 25	33,090,410	24	14
Fourth 25	8,010,146	23	12
Fifth 25	6,749,913	21	11
Sixth 25	5,083,137	23	12
Total	113,437,043	129	74

* Tax year 2006 data is preliminary

150 Largest Maryland Corporations by Payroll

Alphabetically in Groups by Size
2006

<u>Company</u>	<u>Rank 1-25</u>	<u>Industry</u>	<u>Company</u>	<u>Rank 26-50</u>	<u>Industry</u>
Administaff Companies		Other	Anne Arundel Medical Center		Nonprofit
Adventist Healthcare		Nonprofit	BAE Systems Applied Technology		Manufacturing
Baltimore Gas & Electric		Transp, Comm, Utilities	Black & Decker US		Manufacturing
Bank Of America NT & SA		Finance	Constellation Energy Comm		Transp, Comm, Utilities
Booz Allen Hamilton		Other	Constellation Energy Group		Transp, Comm, Utilities
Chevy Chase Bank FSB		Finance	Discovery Communications		Other
Citigroup Global Markets		Finance	Greater Baltimore Medical		Nonprofit
Computer Sciences Corp		Other	Hewlett-Packard		Manufacturing
Giant Food		Retail	Johns Hopkins Bayview Med		Nonprofit
Home Depot USA		Retail	Johns Hopkins Health System		Nonprofit
International Business Machine		Other	L3 Communications Titan		Manufacturing
Johns Hopkins Hospital		Nonprofit	Lockheed Martin Operations		Manufacturing
Kaiser Foundation Health		Nonprofit	Manufacturers & Traders		Manufacturing
Legg Mason & Co		Finance	MCI Network Services		Transp, Comm, Utilities
Lockheed Martin Corp		Manufacturing	Medimmune		Manufacturing
Marriott International		Other	Mercantile-Safe Deposit		Finance
McCormick & Company		Manufacturing	Mercy Medical Center		Nonprofit
Northrop Gruman Systems		Manufacturing	NVR Services		Other
Safeway Inc		Retail	Penninsula Regional Medical		Nonprofit
Science Applications International		Other	Rite Aid of MD		Retail
Sinai Hospital of Baltimore		Nonprofit	Sodexho Management		Other
UHC Management		Other	St. Agnes Healthcare		Nonprofit
United Parcel Service		Transp, Comm, Utilities	St. Joseph Medicla Center		Nonprofit
Verizon Services Corporation		Transp, Comm, Utilities	Stifel Nicolaus & Co		Finance
Wal Mart Assoc		Retail	WL Gore & Associates		Manufacturing

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2006

<u>Company</u>	<u>Rank 51-75</u>	<u>Industry</u>	<u>Company</u>	<u>Rank 76-100</u>	<u>Industry</u>
AOL LLC		Other	Citicorp Credit Services		Finance
Bearingpoint		Other	Darcars of Rickville		Retail
Becton Dickinson & Co		Manufacturing	Delhaize America		Retail
Boeing		Manufacturing	Duetsche Banc Alex Brown		Finance
Calvert Cliffs Nuclear Power		Transp, Comm, Utilities	Electronic Data Systems		Other
Citifinancial Inc		Finance	Ferris Baker Watts		Finance
Coventry Healthcare		Other	Fia Card Services NA		Finance
Federal Express Corporation		Transp, Comm, Utilities	Human Genome Sciences		Manufacturing
Frederick Memorial Hospital		Nonprofit	JLG Industries		Manufacturing
General Dynamics Advanced		Manufacturing	Kelly Services		Other
General Dynamics Info Sys		Manufacturing	Laureate Education		Other
General Motors Corp		Manufacturing	Mack Trucks		Manufacturing
Honeywell Technology Solutions		Manufacturing	Merrill Lynch Pierce Fenn		Finance
Logicon		Other	Oracle USA		Other
Lowes Home Centers		Retail	Pricewaterhouse Coopers		Finance
Mantech International		Other	Provident Bank of MD		Finance
Micros Systems		Manufacturing	Sears Roebuck & Co		Retail
Perdue Farms		Manufacturing	Selective HR Solutions IV		Other
Potomac Electric Power		Transp, Comm, Utilities	Shoppers Food Warehouse		Retail
Raytheon		Manufacturing	Shore Health System		Nonprofit
SAIC Frederick		Other	Southwest Airlines		Transp, Comm, Utilities
Systems Research & App		Other	Suburban Hospital		Nonprofit
Washington Post		Other	Suntrust Bank		Finance
Whiting Turner Contracting		Other	Sweetheart Cup Co		Manufacturing
WR Grace & Co Conn		Manufacturing	The Baltimore Sun		Other

150 Largest Maryland Corporations by Payroll

Alphabetically in Groups by Size

2006

<u>Rank 101-125</u>		<u>Rank 126-150</u>	
<u>Company</u>	<u>Industry</u>	<u>Company</u>	<u>Industry</u>
AAI Corp	Manufacturing	Alion Science & Technology	Manufacturing
Arinc Corp	Manufacturing	Alliant Techsystems	Manufacturing
BAE Systems Technology	Manufacturing	American Radiology Service	Other
Best Buy Stores, LP	Retail	Asco Healthcare Inc	Other
Choice Hotels International	Other	Battelle Memorial Institute	Other
Coca Cola Enterprises	Manufacturing	Carmax Auto Superstores	Retail
Constellation Power Source	Transp, Comm, Utilities	Carroll Hospital Center	Nonprofit
CVS RX Services	Retail	Cisco Systems Inc	Manufacturing
Exxon Mobil Corp	Transp, Comm, Utilities	Conectiv Resource Partner	Other
First Data Merchant Service	Finance	Conopco Inc C-O Unus Tax	Other
Great Atlantic & Pacific	Retail	Corporate Advisory Board	Other
Maryland General Hospital	Nonprofit	Costco Wholesale Corp	Retail
Nextel Operations Inc	Transp, Comm, Utilities	Digene Diagnostics Inc	Manufacturing
Northrop Grumman Space	Manufacturing	Foundation Coal Corp	Transp, Comm, Utilities
Northwest Hospital Center	Nonprofit	Howard County General Hospital	Nonprofit
Orbital Sciences Corp	Manufacturing	Lockheed Martin Aspen System	Manufacturing
Sheppard Pratt Health System	Nonprofit	Miles & Stockbridge PC	Other
Swales & Assoc	Manufacturing	Morgan Stanley & Co	Finance
Tasc	Other	National City Mortgage Co	Finance
Unisys Corp	Other	Nordstrom Inc	Retail
US Foodservice Inc	Other	Noxell Corp	Manufacturing
Verizon Corporate Service	Transp, Comm, Utilities	Ports America Baltimore	Transp, Comm, Utilities
Washington County Hospital	Nonprofit	Reznick Group PC	Other
Washington Gas Light Co	Transp, Comm, Utilities	United Air Lines Inc	Transp, Comm, Utilities
Whole Foods Market Group	Retail	Wyle Laboratories Inc	Other

Bureau of Revenue Estimates, Office of the Comptroller
September 2008