



TESTIMONY TO THE HOUSE WAYS AND MEANS COMMITTEE

HB 0805 – Enterprise Zone Program - Alterations

POSITION: Support

BY: Lois Hybl and Richard Willson – Co-Presidents

Date: February 18, 2021

Promoting an equitable and efficient fiscal structure for Maryland is a longstanding League position. Our position on maintaining a competitive business climate includes accountability for the cost of inducements, and that their results be included in setting policy. The League does not oppose well targeted inducements such as the tax credits associated with the Enterprise Zone Program.

The Enterprise Zone Tax Credit is one of the state's largest business subsidy programs. It is a tax expenditure that must be evaluated just like any normal budget expenditure. The Legislature was wise to have passed the Tax Credit Evaluation Act.

The Enterprise Zone was evaluated in July 2014 and is required to be reevaluated by July 2021. At this point the Committee and the public have access to the January 2901 draft evaluation by the Department of Legislative Services. It appears that: 1) no substantive legislative changes have been enacted since 2014, and 2) the DLS recommendations and shortcomings in the legislation have not changed. The shortcomings include not being effective in creating the targeted job opportunities, nor targeting the areas under the greatest economic distress.

HB 805 is a sound piece of legislation in that it does not halt the program. Rather the bill would rein in its growth, while creating a framework for better evaluation during the reined in period.

The needs of the State are too great to blindly continue to grow a program that appears in need of better targeting and better evaluation.

We urge a favorable report on HB 805.