



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 45
Opportunity Zone Incentives Reforms

During the 2019 session, the General Assembly passed a package of tax credits to incentivize businesses to open or expand in opportunity zones. HB 45 would cleanup some details within the new state law to ensure that the program is working as intended to increase employment and economic activity in low-income communities.

The bill:

- **Prohibits certain types of businesses from qualifying for Maryland opportunity zone tax credits.** This change would conform state law to federal regulations regarding investments in opportunity zones, which prohibit investments in golf courses, country clubs, tanning salons, and other “sin businesses.” Such businesses would still be allowed to be located in an opportunity zone, but would not qualify for the state tax credits.
- **Closes a loophole regarding wage requirements.** Under current law, an opportunity zone business has to pay wages that are 120% or greater of the state’s minimum wage to qualify for the enhanced Job Creation Tax Credit. Montgomery and Prince George’s Counties’ current minimum wages are higher than the state minimum wage. This means that a business located in that county just has to pay the local minimum wage in order to qualify for the enhanced state tax credit. This bill would ensure that businesses have to go above and beyond whatever the prevailing minimum wage is in order to receive state opportunity zone tax credits.
- **Ensures that biotech and cybersecurity companies earn their tax credits.** This bill specifies that a biotech or cybersecurity business has to open or expand within an opportunity zone in order to qualify for the enhanced tax credits. Currently, the law allows for an already existing biotech or cybersecurity business that has an opportunity zone designated around it to receive enhanced tax credits even if the company doesn’t expand or create new jobs.
- **Adds reporting requirements** for recipients of Maryland opportunity zone tax credits so that the State can collect data to assess the success of the program in terms of job creation, entrepreneurship, affordable housing, access to healthy food, and other community benefits.
- **Adds a sunset date** to the opportunity zone tax credits. This would ensure that the tax credit enhancements are periodically reviewed for program efficacy.