



MARYLAND TECH COUNCIL

TO: The Honorable Anne R. Kaiser, Chair
Members, House Ways and Means Committee
The Honorable Julie Palakovich-Carr
The Honorable Anne R. Kaiser

FROM: Richard A. Tabuteau
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DATE: February 12, 2020

RE: **OPPOSE UNLESS AMENDED** – House Bill 223 – *End Ineffective Business Subsidies Act of 2020*

OPPOSE UNLESS AMENDED – House Bill 565 – *Income Tax – Business and Economic Development Tax Credits – Termination*

The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **opposition unless amended** for House Bill 223 and House Bill 565.

House Bill 223 prohibits the Department of Commerce from issuing tax credit certificates to investors in biotechnology companies on or after January 1, 2022, among other changes. House Bill 565 provides for the termination on or after January 1, 2023, of tax credits for biotechnology investment and cybersecurity purchases, among other changes. Both bills would have a catastrophic impact on the burgeoning biotechnology and cybersecurity industries in Maryland.

Notwithstanding the fact that Maryland is home to over 500 biotech companies, 300 of them employ 10,000 highly educated biotech workers in Montgomery County supporting the County's moniker: #BuiltforBio. In fact, in 2018, over \$304 million in venture capital went to biotech companies in Montgomery County alone. The story is just as good for cybersecurity. For starters, Maryland's talent pool of over 116,000 IT professionals is the reason why the nation's top security agencies such as the U.S. Cyber Command, NSA, DISA and NIST are located here. Montgomery County, in particular, has 149 cyber companies employing 30,248 computer and

math professionals. Since 2014, over \$747 million in venture capital has gone to Montgomery County cyber security companies.

It is nothing short of devastating to face the prospect that Maryland's current dominance in these two industries would needlessly be put at risk by removing incentive programs that have proven to grow biotech and cybersecurity businesses in Maryland generally and Montgomery County in particular. House Bill 223 and House Bill 565, as they relate to biotechnology and cybersecurity, would needlessly harm early stage, entrepreneurial businesses that could drive desired development in Maryland.

We strongly urge the House Ways & Means Committee to amend House Bills 223 and 565 to preserve the current structure for the biotechnology and cybersecurity tax credits.

For more information call:

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