



LEGISLATIVE POSITION:

Unfavorable

House Bill 223

End Ineffective Business Subsidies Act of 2020

House Ways and Means Committee

Wednesday, February 12, 2020

Dear Chairwoman Kaiser and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 4,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees and families. Part of that work includes support for sustainable solutions that drive Maryland's future economy, including education, talent pipeline, innovation, and investment in economically challenged communities.

The Enterprise Zone Tax Credit (EZ) is a program administered by the Maryland Department of Commerce that provides income and property tax benefits for businesses and their employees located in enterprise zones in exchange for job creation and business investment. There are currently 37 enterprise zones and one focus area in Maryland. There are 941 acres of enterprise zones located in Montgomery County, 9,385 acres in Prince George's County, and an additional 13,453 acres in Baltimore City

It is important to note that the enterprise zone income tax incentives go beyond those employers choosing to locate within an EZ but also benefit the employees directly. Under the program's General Income Tax Credit, there is a one-time, \$1,000 credit for each qualified new employee filling a newly created position in an EZ. Additionally, under the Income Tax Credit for Economically Disadvantaged Employees, there is a three-year, tiered tax credit structure to benefit those new employees who are the most challenged.

HB 223 seeks to eliminate those benefits afforded by investment in enterprise zones by preventing the Secretary of Commerce from expanding or establishing new enterprise zones throughout the state and sunseting the tax credit benefit for each enterprise zone, despite each zone already having a designated termination date.

The Maryland Chamber of Commerce supports any effort to encourage and maintain business development in our state, particularly in those areas most challenged for investment. Furthermore, the independent Department of Legislative Services cites HB 223 will have a meaningful negative impact on small business. HB 223 threatens the continued investment in some of Maryland's most economically challenged areas and removes a critical incentive tool utilized by public and private institutions to encourage business investment. Finally, any additional revenue gains could be offset by the overall loss in job creation and economic development investment.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on **HB 223**.

