



To Lead, Advocate and Connect as the Voice of Business

House Bill 224 - Opportunity Zone Tax Deduction Reform Act of 2020

Ways and Means Committee

February 12, 2020

OPPOSE

The Montgomery County Chamber of Commerce (MCCC) understands the importance of the Blueprint for Maryland's Future (or the "Kirwan Commission"). When MCCC surveyed its Board of Directors last summer, the biggest concern that was keeping our businesses up at night was access to, and retention of, top talent. By investing in and strengthening our education system, we are ensuring our businesses can hire graduates right here in the state of Maryland.

However, increasing taxes on businesses and individuals, and making Maryland less competitive to future investments, will not ensure a strong tax base and sustained economic development to pay for important policies, like the Kirwan Commission, into the future.

Opportunity Zones were created as part of the federal Tax Cuts and Jobs Act of 2017. These zones encourage reinvesting capital gains in underdeveloped census tracts with enticements, such as deferring taxes on capital gains until 2026 or paying no capital gains taxes on appreciation on investments held for a decade. Rolling back incentives created discourages investments in Maryland from across the nation. Maryland should be doing everything it can to attract opportunity zone investment and while local Maryland might prefer to invest locally, they can make investments across state lines. By removing state incentives, investors will move their capital to other states.

Finally, there are legislative proposals introduced to create a Commission that would analyze and make recommendations as to how to make Maryland's tax structure more business friendly and economically competitive. Passing tax increases and rolling back tax incentives in a piece-meal fashion before this Commission finishes its work is not strategic and not what will ensure the strength of Maryland's economy into the future.

For the aforementioned reasons, **we request an unfavorable report on House Bill 224.**