

Testimony in Support of House Bill 525 Phase Out Company Giveaways Act

**House Ways & Means Committee
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The Maryland State Education Association supports House Bill 525 which would establish the Interstate Compact to Phase Out Corporate Giveaways.

MSEA represents 75,000 educators and school employees who work in Maryland's public schools, teaching and preparing our 896,837 students for the careers and jobs of the future. MSEA also represents 39 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3 million-member National Education Association (NEA).

In 2017 when Amazon announced it was searching for a location for HQ2, states, including Maryland, raced to offer the biggest tax incentives to the multibillion-dollar, multinational company. The Administration offered Amazon \$3 billion in corporate tax breaks, and another \$2 billion in targeted infrastructure improvements around the site. New Jersey offered a package totaling \$7 billion. As an Investor Business Daily editorial described, states "went on an embarrassing campaign to lure Amazon." More than 200 jurisdictions across the country made multimillion or multibillion dollar offers to Amazon. But according to a report by the W.E. Upjohn Institute for Employment Research "incentives do not have a large correlation with a state's current or past unemployment or income levels, or with future economic growth."¹

These ineffective incentives only serve to reduce state investments in the things that attract businesses to a state like great public schools. House Bill 525 sets up a framework to stop states from competing on which can offer the biggest giveaways of tax dollars and reframe the conversation to what can actually help the state's citizens and business community succeed.

MSEA supports passage of an adequate, sustainable, predictable revenue stream that will adequately fund both the operating and construction costs of our public schools. A great public school for every child means our students have updated technology, small manageable classes, safe and modern schools, proper healthcare and nutrition, and have highly qualified and highly effective educators. The work of the Commission on Innovation and Excellence in Education (Kirwan Commission) further recommends improvements to access to Pre-K and Career Technology Education, as well as expansion of the educator workforce and increased salaries to help deliver individualized instruction and recruit and retain the best workforce in the country.

¹ Bartik, Timothy J. 2017. "A New Panel Database on Business Incentives for Economic Development Offered by State and Local Governments in the United States." Prepared for the Pew Charitable Trusts.



Funding the Kirwan Commission's recommendations helps to ensure that we have the workforce of tomorrow and that our citizens become truly successful in the very competitive national and global economies. This legislation helps ensure that Maryland can continue investing in its children and services well into the future.

MSEA urges a favorable report of House Bill 525.