



House Bill 565

Income Tax – Business and Economic Development Tax Credits - Termination

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: February 12, 2020

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 565. Among other requirements, this bill would repeal the One Maryland Tax Credit, Enterprise Zone, and Regional Institution Strategic Enterprise (RISE) programs. Local governments believe the tax incentives offered by these programs are extremely effective and urge the Committee to keep them intact.

Local governments, just as the State, have a vested interest in economic development. Local economic growth creates jobs and increases salaries, expanding the tax base both locally and statewide. Therefore, state and local governments must work in partnership on these efforts.

The Enterprise Zone and RISE tax credit programs are examples of these collaborative efforts. Both programs bring together state and local resources to encourage economic growth and create jobs. These programs have been effective tools for local economic development directors when recruiting new businesses. Many believe businesses would not have located in their jurisdictions if it were not for the availability of property tax incentives.

The One Maryland Tax Credit helps incentivize businesses to locate or expand into several low-income or underserved urban and rural communities across Maryland. This in turn creates jobs, contributes to enhancing quality of life, and expands the local tax base – enabling counties to better provide core services for their residents.

HB 565 would eliminate incentives designed to attract and retain businesses in areas where targeted investment is most needed, undermining county revenue structures and support for education, public safety, roadway maintenance, and other essential services.

For these reasons, MACo urges the Committee to issue an **UNFAVORABLE** report on HB 565.