



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 1026
Economic Development Programs – Data Collection, Tracking, and Reporting Requirements

This bill seeks to improve transparency of Maryland's economic development programs by enhancing reporting requirements by the Department of Commerce.

HB 1026 would:

- Codify a requirement for Commerce to maintain and update a public database on economic development incentives. Commerce established such a database, the Maryland Finance Tracker, in 2011 but has not kept it fully up to date.¹
- Add additional reporting requirements to the Maryland Finance Tracker, such the number of jobs promised to be created or retained by the recipient company, the number of jobs actually created or retained, the average job salary, and if any funds were revoked or recaptured. This additional information is needed to fully evaluate program effectiveness.
- Ensure that Commerce's annual report on economic development incentives includes the full array of programs administered by the department.² The bill adds the More Jobs for Marylanders, Purchase of Cybersecurity Technology or Service, Opportunity Zone Enhancements, and Small Business Relief tax credits to the existing annual reporting requirements.

Economic development programs are funded by taxpayer dollars. Therefore it is imperative that both the public and lawmakers know how economic development incentives are spent so that program performance can be evaluated.

Maryland currently ranks 44th in the nation in terms of economic development subsidy disclosure and has been given a grade of F by U.S. PIRG.³

The state spent an estimated \$68.9 million in tax credits in FY 2018,⁴ and economic development spending has been increasing in recent years. If Marylanders are expected to subsidize ever-growing tax credit programs, they should be granted more insight into whether each incentive is fiscally sound and is serving its intended function. HB 1026 would provide that transparency and accountability.

¹ <https://commerce.maryland.gov/fund/maryland-finance-tracker>

² The most recent Commerce report is posted at

<https://commerce.maryland.gov/Documents/ProgramReport/maryland-jobs-development-act-full-report-fy18.pdf>

³ "Following the Money 2019: Economic Development Subsidies," U.S. PIRG.

<https://uspig.org/feature/usp/following-money-2019-economic-development-subsidies>

⁴ Maryland Department of Commerce. Consolidated Incentives Performance Report FY 2018.

<https://commerce.maryland.gov/Documents/ProgramReport/maryland-jobs-development-act-full-report-fy18.pdf>