



House Bill 1117

Economic Development - Enterprise Zone Program - Alterations

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: March 5, 2020

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 1117. Among other requirements, this bill would limit the amount that the State must reimburse local governments for property tax credits issued under the Enterprise Zone tax credit program. Local governments believe the tax incentives offered by this program 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 program 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.

The Enterprise Zone program is a primary example of these collaborative efforts. The program brings together state and local resources to encourage economic growth and create jobs. Businesses located within these areas are eligible for local property tax credits and state income tax credits. The State Department of Assessments and Taxation reimburses local governments for 50% of foregone property tax revenues. According to the bill's fiscal note, local revenues would decrease by \$6 million by 2025 as a result of the State limiting local property tax reimbursements.

HB 1117 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 1117.