

March 5, 2020

The Honorable Anne R. Kaiser
Chair, House Ways and Means Committee
House Office Building, Room 131
6 Bladen Street
Annapolis, MD 21401

RE: Opposition of House Bill 1117 (Economic Development - Enterprise Zone Program - Alterations)

Dear Chairwoman Kaiser:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, opposes House Bill 1117 (Economic Development - Enterprise Zone Program - Alterations).

This measure prohibits the designation of a new Enterprise Zone if the Department of Commerce thinks the associated property tax credit will exceed \$50,000,000.

This measure would harm a valuable Maryland program and slow necessary development in vulnerable communities. Enterprise Zones were created to stimulate private investment in underinvested communities by providing enhanced incentives for qualifying businesses within the Zone. Those incentives include tax credits, which encourage business participation and free up financial resources for businesses to quickly reinvest in a new project in the same neighborhood. Communities are strengthened and made safer with consistent investment, and the current structure helps businesses have the financial flexibility they need to help with that process.

Placing an arbitrary cap on that taxation benefit removes that financial flexibility, which would slow crucial development and redevelopment in Enterprise Zones. Builders and developers want to be a part of the solution, but it has to make financial sense for the business, which is why Enterprise Zones were created. Passing this measure would essentially disincentivize investment in Enterprise Zones.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: House Ways and Means Committee Members