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DATE: February 16, 2022
COMMITTEE: Senate Budget & Taxation
BILL NO: Senate Bill 516
BILL TITLE: Equitable and Inclusive Transit-Oriented Development Enhancement Act

Statement of Information

This bill proposes to expand eligibility under the More Jobs for Marylanders Program (MJM) to non-manufacturing projects in transit-oriented development (TOD) areas. It also proposes to extend the date when a project must enroll in MJM from June 1, 2022 to June 1, 2025.

Chapter 149 of 2017 established MJM to incentivize growth and job creation in the manufacturing sector. The program provides up to four different benefits available each year during a ten-year consecutive period.

The benefits include an income tax credit, a real property tax credit, a refund of sales and use tax, and corporate fee waiver. Eligibility for the incentives depends on whether the manufacturer is new or existing and whether the facility is located in a Tier 1 or Tier 2 Area. All manufacturers are eligible for the income tax credit, which require minimum creation of 5 or 10 jobs depending on location. The jobs must be full-time, pay at least 120% of the State minimum wage, and be filled for at least 12 months before certification. To date, Commerce has received 305 notices of intent from manufacturing businesses and enrolled 86 manufacturing projects. Manufacturing businesses account for 99.8% of the total reserved funding.

Chapter 211 of 2019 extended MJM to non-manufacturers in Opportunity Zones which is considered a Tier 1 Area. A new business is eligible for all four benefits and an existing business is eligible for the income tax credit only. For the income tax credit, the business must create at least 5 or 10 jobs depending on location. The jobs must be full-time, pay at least \$50,000 annually, and be fill for at least 12 months.

There are 149 Opportunity Zones in Maryland with at least one located in each county in the State. Nearly any business entity is eligible for MJM except for refiners and non-grocery store retailers. To date, Commerce has received 16 notices of intent from non-manufacturing businesses and enrolled two non-manufacturing projects. Non-manufacturers account for less than 1% of the total reserved funding.

This bill proposes to expand MJM to TOD areas in the same way as it applies in Opportunity Zones. Projected interest and participation will likely mirror the Opportunity Zone benefit although there are several notable distinctions between TOD areas and Opportunity Zones. First, there are currently 16 TOD areas compared to 149 Opportunity Zones. A number of the TOD

areas are located in an Opportunity Zone. The State may designate more TOD areas in the future which will expand access to MJM whereas the number of designated Opportunity Zones is static. Second, a TOD is a mix of private or public parking facilities, commercial and residential structures, and uses, improvements, and other facilities which are part of an overall transit plan. The number of eligibility projects within a TOD area is likely to be limited. Third, TOD areas are generally smaller than Opportunity Zones.