



FEBRUARY 23, 2022

# Subsidy Programs Should Support High-Quality Jobs

## Position Statement in Support of Senate Bill 671

*Given before the Senate Finance Committee*

As policymakers have added a growing number of business subsidies to Maryland's tax code over the last several decades, evidence has begun to pile up that the millions of dollars we put into business tax breaks each year do little to support Maryland's economy. Worse, these tax breaks use up resources that could otherwise be invested in assets businesses value, such as great public schools and modern transportation infrastructure. Senate Bill 671 would require all job creation incentive programs to support high-quality, well-paying jobs that include the right to bargain collectively. **For these reasons, the Maryland Center on Economic Policy supports Senate Bill 671.**

Maryland spends millions each year on business subsidy programs with the stated goal of increasing business investment in the state and driving job creation. However, these programs often include few standards, and the bulk of evidence shows they are not effective. Evaluations by nonpartisan state analysts have repeatedly found weaknesses, such as unclear objectives, inadequate oversight, and poorly designed incentives.

Senate Bill 671 would improve Maryland's job creation incentive programs with a set of strong, consistent job quality standards:

- Subsidized jobs must be full time
- Subsidized jobs must pay the prevailing wage, if one exists; otherwise, jobs must pay at least 150% of the state minimum wage
- Subsidized jobs must include career advancement opportunities
- Subsidized jobs must afford the right to collectively bargain and apply labor peace standards, such as prohibiting captive-audience anti-union meetings
- Subsidized jobs must provide high-quality benefits including unemployment insurance, workers' compensation, health insurance, retirement benefits, paid leave, and fair scheduling.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee make a favorable report on Senate Bill 671.**

## Equity Impact Analysis: Senate Bill 671

### *Bill summary*

Senate Bill 671 would establish consistent job quality standards across all job creation incentive programs. These include wage standards, benefit standards, career advancement opportunities, and collective bargaining rights.

### *Background*

Maryland spends millions each year on business subsidy programs with the stated goal of increasing business investment in the state and driving job creation. However, these programs often include few standards, and the bulk of evidence shows they are not effective. Evaluations by nonpartisan state analysts have repeatedly found weaknesses, such as unclear objectives, inadequate oversight, and poorly designed incentives.

### *Equity Implications*

Effective investments in economic development can advance equity by improving economic opportunities for workers who face barriers in the job market built through centuries of discriminatory policy choices. However, poorly designed business tax breaks bring no such equity benefits but simply skew the economy further in favor of the wealthy and powerful.

Senate Bill 671 would improve equity by requiring that all state business subsidies come with basic worker protections. These protections would particularly benefit workers whose economic opportunities have been limited through decades of racist policy choices.

### *Impact*

Senate Bill 671 would likely **improve racial and economic equity** in Maryland.