



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
R. Michael Gill | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: January 18, 2022 **COMMITTEE:** Senate Finance
BILL NO: Senate Bill 191
BILL TITLE: Maryland Department of Commerce - Transparency and Efficiency in Reporting Act
POSITION: Support

The Maryland Department of Commerce supports Senate Bill 191 - Maryland Department of Commerce - Transparency and Efficiency in Reporting Act.

Bill Summary:

Senate Bill 191 would streamline Commerce’s reporting requirements by repealing existing individual program reports and centralizing the Department’s incentive program reports within the existing consolidated incentives report required under Economic Development Article 2.5-109.

Background:

Chapter 150, Acts of 2013 consolidated reporting on the Department’s incentive programs into the Jobs Development Act Report currently required under Economic Development Article 2.5-109. In the years since the adoption of that consolidated report, new programs have been created with reporting requirements included in the program’s statute, increasing the number of reports the Department is required to submit while also splintering requirements across separate reports.

The Department of Commerce is currently required to submit over fifty separate reports to the General Assembly annually. Although the reports Commerce submits to the General Assembly are not identical, mandated reports are often substantively similar and potentially duplicative. Program activity for a single program can be reported four or five times in different reports to the Governor, General Assembly and public throughout the course of a calendar year. Most of Commerce’s economic development financing and tax credit programs include a reporting requirement for each program in their enabling statute. These requirements are generally located in Title 5 and Title 6 of the Economic Development Article. In short, there are different statutory reporting requirements for the same economic development programs in different sections of the Economic Development Article. Commerce’s reporting requirements are further complicated by the number of mandated reports that are not in the Economic Development Article. Currently, there are twelve mandated reports in the Tax General Article, most of which are for tax credit programs. As a result, reporting requirements for tax credit programs are in two different Articles. Regardless of which Article establishes a tax credit reporting requirement, tax credits are also subject to the omnibus reporting requirements of Section 2.5-109 of the Economic Development Article.

Senate Bill 191 would repeal mandated reporting in the enabling statute for each economic development financing and tax credit program and centralize reporting requirements within Section 2.5-109 of the Economic Development Article.

Rationale:

Legislation streamlining Commerce's reporting requirements will: improve operational efficiency; provide for better data consistency; and ensure Commerce is able to report on its program activity clearly and transparently to the Governor, General Assembly and the public.

In addition, Senate Bill 191 creates a mechanism by which new programs created in the future will be required to report through Economic Development Article 2.5-109. This eliminates the need to revise statute that currently identifies programs by name when new programs are created or repealed and establishes a consistent expectation of the type of information and data that needs to be collected for economic development programs.

Commerce respectfully requests a favorable report on Senate Bill 191.