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SB 671 -Economic Development – Eligibility for State Job Creation Incentives
Senate Finance Committee
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SUPPORT

Donna S. Edwards
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Madam Chair and members of the Committee, thank you for the opportunity to submit testimony in support of SB 671 -Economic Development – Eligibility for State Job Creation Incentives. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of the 340,000 union members, I offer the following comments.

Through robust tax credits and exemptions, annually millions of Maryland's taxpayers' dollars are invested in businesses requesting taxpayers' aide. In general, businesses are free to hire whomever they want and provide them with a salary and benefits commensurate with the law, and when businesses ask for taxpayers' money, Maryland Legislators are free to decide that those tax dollars are giving Maryland the highest return on our investment to help maximize economic, fiscal, and societal benefits.

For decades, tax incentives have been viewed as a major economic development tool. But we cannot continue to reward business tax incentives on a narrow set of business behaviors to create or maintain jobs. Although assumed that business tax incentives can boost wage growth for workers, academic research finds mixed results of business tax incentives for workers from no wage increase to even an increase in income inequality[1]. This is why Maryland legislators must drive the effort to have the multitude of tax credits to businesses to support inclusive growth and economic health by incentivizing a strategic goal of creating and maintaining family sustaining jobs with benefits and career opportunities.

SB 671 does this by applying real requirements for the job creation that our myriad tax credits and incentives are meant to encourage, creating a pathway for good jobs. Borrowing from the

[1] https://equitablegrowth.org/targeting-business-tax-incentives-to-realize-u-s-wage-growth/

Clean Energy Jobs Act passed in the 2019 Session and HB 278 that was passed in 2021, SB 671 creates the definition of a "qualified position" to be used as a requirement on all state job creation incentives to include: Fair Scheduling, Career Advancement, the right to Collectively Bargain, Paid Leave, Unemployment Insurance and Workers' Compensation verification, employer provided health insurance, and Retirement Benefits. Additionally, it sets the salary qualification at 150% of state minimum wage, or if in the construction industry, it applies Prevailing Wage.

Our business tax credits reflect our values. Should we continue to give money away without demanding certain criteria are met? No other investor in a business operates this way, and neither should the State of Maryland. If we are committed to using state job creation incentives to strengthen and build our middle class and Maryland's economy, then it is imperative that we set a higher standard for businesses to access these resources. If we do not, then workers – the investors – are paying taxes to create low-quality jobs for other workers who cannot fully participate in building our state's economy.

SB 671 also adds much need reporting requirements to state job creation incentives. The bill requires that, on an annual basis, businesses that receive an incentive must report the wage and benefit breakdowns for each qualified position and the amount of state taxes that would have otherwise been owed but for the incentive they received. Without accurate, timely and detailed information on how the incentives are performing, policy makers cannot make informed decisions on changes, modifications, or potential overhauls that will increase the efficiency of the incentives and provide a greater value to the taxpayer investors.

Businesses have every right to make hiring and salary decisions that they deem best for their business and they can choose not to ask for taxpayers' money in the form of numerous tax credits. But if businesses do ask for taxpayers' money, Maryland Legislators have every right to demand that any state job creation incentive dollars that businesses receive creates family-sustaining jobs and produces a good return on taxpayers' investments. Moreover, legislators have not only the right, but the responsibility to ensure accurate reporting on the economic results of these disbursements, so that they can make sound decisions on the efficacy of good job creation through these incentives.

We ask for a favorable report on SB 671.