



LEGISLATIVE POSITION:

Unfavorable

Senate Bill 671

Economic Development – Eligibility for State Job Creation Incentives

Senate Finance Committee

Tuesday, March 1, 2022

Dear Chairwoman Kelley and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

SB 671 prohibits entities whose net earnings benefit a private shareholder or individual holding an interest in the entity from being eligible for state job creation incentives. The bill also alters the definition of a qualified position and adds a requirement that each entity that obtains a job creation incentive must report information on the qualified position on a yearly basis.

Many of the new benefits an employer must provide the employee for the position to meet the new definition are vague and create additional cost and administrative burdens. For example, new requirements that an employer must provide “career advancement training” and “fair scheduling” are vague and undefined. To go further, new requirements that an employer must provide employees the “right to collectively bargain”, “offers employer-provided health insurance benefits”, and “offer retirement benefits” are all items which create additional cost and administrative burdens on newly formed businesses which these programs are designed to encourage. On top of this, businesses will also now be required to submit yearly reports in connection with any incentive they receive. This piles on to the many challenges businesses are already facing as they recover from the pandemic.

Simply put, SB 671 makes it extremely difficult to create “qualified positions” which are counted for the purposes of tax credit eligibility, therefore, making it more difficult to qualify for Maryland’s incentive programs. This will cause Maryland’s economic development incentives to become underutilized, defeating their purpose. Lastly, The COVID-19 pandemic has taken an extreme toll on businesses, and many are still working to recover and build up their workforce. This bill will only further hinder their progress moving forward.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on Senate Bill 671.