



Testimony SB 547
Budget & Taxation Committee
March 1, 2023
Position: FAVORABLE

Dear Chairman Guzzone & Members of the Budget & Taxation Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland’s community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland’s urban, suburban and rural communities. CDN envisions a state in which all communities are thriving and where people of all incomes have abundant opportunities for themselves and their families.

SB 547 would allow a subtraction modification under the Maryland income tax for certain qualified broadband grants awarded during the taxable year for broadband deployment; and providing an exemption from the sales and use tax for the sale of certain equipment related to providing Internet service and deploying broadband.

According to the Brookings Institution, “...the social returns to investment in broadband are significant. Increasing access and usage of broadband infrastructure in rural areas (and the amenities, digital skills, online education, and job search opportunities that come with it) lead to higher property values, increased job and population growth, higher rates of new business formation, and lower unemployment rates, according to researchers at the Federal Reserve Bank of Richmond. Broadband expansion can also improve health and life outcomes, offering access to remote healthcare providers, online social networks, and educational opportunities.”

In October 2020, CDN commissioned a report, “Disconnected in Maryland,” by John Horrigan, Ph.D. The report found that more than half a million households in our state, nearly 1 in 4, do not have a home wireline broadband subscription. Two-thirds of those who are disconnected live in metro counties or Baltimore City. These households are disproportionately poor, African American and Hispanic.

In October of 2022, with the Baltimore Neighborhood Indicators Alliance, the Baltimore Digital Equity Coalition and the Abell foundation launched a mapping tool that sheds light on the geography of disconnection in Maryland and underscores the need for urgent action. Relying on analysis provided by John B. Horrigan, Ph.D. of the Benton Institute on Broadband & Society. The map uses zip code level data and shows where high-speed internet subscription gaps are greatest – and by how much. Additional layers also reveal gaps in who owns computing devices and who relies on cellular data for internet connection. Analysis of the map indicates that network quality drives digital disconnection in rural areas, while the cost of internet subscriptions drives disconnection in more urban areas. It highlights that digital inequities exist statewide.

With millions in federal dollars coming to Maryland to improve coverage in unserved and underserved areas, Governor Moore’s broadband equipment tax moratorium will allow these federal dollars to go

further and leverage new private sector investment as well. Every community in Maryland will benefit from faster deployment of advanced broadband networks and the economic and social benefits that they bring. Failing to act now will leave whole communities on the sidelines of the economy. As workers, training providers, and businesses scurry to keep essential services flowing, policymakers must return the favor by advancing and investing in the policy that will enable those essential workers to engage with the digital tools needed to thrive in our complex and fast-changing economy.

We respectfully request a favorable report for SB 547.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network