



Testimony HB 551
Ways and Means Committee
February 16, 2022
Position: FAVORABLE

Dear Chair Atterbeary and Members of the Ways and Means 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 551 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. Of particular concern are children in poverty unable to access classroom instruction and older adults cut off from services of all kinds. Further, for immigrant workers, and workers with limited formal education, digital access and skill gaps present immediate threats to their ability to sustain their families and make them less likely to reconnect to work once separated.

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 HB 551.

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