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January 31, 2023

The Honorable Vanessa E. Atterbeary
Chair, House Ways and Means Committee
Room 131, House Office Building
Annapolis, MD 21401

Re: House Bill 148 – Economic Development – Enterprise Zone Program – Alterations

Dear Chair Atterbeary:

I am writing on behalf of Security Land and Development Company, L.P. in opposition to HB148.

The Maryland Department of Commerce operates the Enterprise Zone program, which provides real property and state income tax credit for businesses located within or who relocate into in a Maryland enterprise zone, in return for job creation and investments. Businesses located in a Focus Area may also be qualified for personal property tax credits on new investment in personal property, and enhanced income tax credits for creating new jobs.

Currently, there are 34 Enterprise Zones in 19 jurisdictions, and 7 designated focus areas in two jurisdictions.

We believe that enterprise zones represent one of the most powerful economic development tools at the disposal of the state and local jurisdictions. HB148 proposes alterations to the program that would make the requirements more restrictive and less predictable for Enterprise Zone creation/expansion, which will have a chilling effect both on retaining current Maryland businesses interested in redeveloping distressed sites, and on new businesses looking to enter the Maryland market to create new economic activity. Maryland has long competed with our neighboring jurisdictions for new business opportunities, and this tool has been among the few that can be presented as an incentive to entice businesses away from our competitors. The alterations proposed in this bill will severely impact Maryland's ability to continue to compete for these new businesses.

Additionally, there are programs that property owners may only utilize if their property is located in an enterprise zone, like the Baltimore Gas & Electric SEED (Smart Energy Economic

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Development) program that will discount 75% of service extension cost for businesses located in a Maryland enterprise zone. For businesses that require a large amount of power generation, the ability to tap into the SEED program is a gamechanger, separate and apart from the tax credit incentives of the enterprise program itself. Indeed, as Maryland finds itself in regular competition with neighboring jurisdictions for uses like data centers, the SEED program, and accordingly the underlying requirement for the Enterprise Zone, becomes incredibly important.

The legislation in its current form creates a great deal of uncertainty for businesses looking to move to Maryland or to expand their current operations in the state. At a time when jurisdictions need increased flexibility to attract new opportunities for revitalization, we argue that drastic changes to the program are ill-advised.

For the aforementioned reasons, we respectfully request an unfavorable report on HB148 before the House Ways and Means Committee.

Very truly yours,

Christopher D. Mudd