



MARYLAND STATE & D.C. AFL-CIO

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**HB 1204 - Economic Development Tax Credit Programs - Qualified Position and Qualified Employee - Definitions
House Ways and Means Committee
February 29, 2024**

SUPPORT

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of HB 1204. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

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 social benefits

The Maryland taxpayer is an investor in businesses throughout the State. Through robust tax credits and exemptions, we support businesses with our tax dollars, deferring their costs and saddling workers with picking up some of the tab. And, like any investor, we expect a return on our investment. In the case of the One Maryland tax credit and the More Jobs for Marylanders tax credit, our expected return is the creation of good jobs. As they are currently structured, these credits ask for the absolute bare minimum from businesses receiving our investment money. In the case of the One Maryland tax credit, a business can receive a tax credit for employing someone in the state who is paid 120% of the minimum wage and is in a Tier 1 county because of a business expansion. And the More Jobs for Marylanders tax credit is awarded to businesses who employ someone who is paid 120% of the state minimum wage if located in the state or at least \$50,000/year if the position is within an Enterprise Zone. If the intent of these credits is to add to Maryland's economy by rewarding businesses for creating good jobs with benefits, we have missed the mark.

HB 1204 corrects this by applying stronger requirements for these new jobs, creating a pathway for good jobs. Borrowing from the Clean Energy Jobs Act passed in the 2019 Session and HB 278 – Job Creation Tax Credit – Alterations, passed in the 2021 Session, HB 1204 amends the definition of a “qualified position” for both of these tax credits to include: career advancement, the right to collectively bargain, paid leave, unemployment insurance and workers' compensation verification,

employer provide health Insurance, and retirement benefits. Additionally, it increases the salary qualification from 120% to 150% of state minimum wage, or, if in the construction industry, it applies prevailing wage.

Our business tax credits reflect our values. We cannot simply 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 One Maryland and More Jobs for Marylanders policy 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.

Businesses have every right to make hiring and salary decisions that they deem best for their business, and Maryland Legislators have every right to demand that any One Maryland or More Jobs for Marylanders dollars that businesses apply for and receive creates family-sustaining jobs and produces a good return on taxpayers' investments.

For equity, we ask for a favorable report on HB 1204.