



TO: The Honorable Guy Guzzone, Chair
Members, Senate Budget and Taxation Committee
The Honorable Cory V. McCray

FROM: Richard A. Tabuteau
Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman

DATE: January 15, 2020

RE: **OPPOSE** – Senate Bill 122 – *Economic Development – Opportunity Zone Incentives – Alteration of the More Jobs for Marylanders and Opportunity Zone Enhancement Programs*

The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **opposition** for Senate Bill 122.

Senate Bill 122 changes eligibility requirements for access to enhanced incentives under the Opportunity Zone Enhancement Program. Most notably, it limits the enhanced tax benefits available under the Opportunity Zone Enhancement Program to tax years 2019 through 2021 and restricts eligibility for the enhanced benefits under the biotechnology investment incentive and cybersecurity investment incentive tax credit programs to investments made in a company that is established or expands into an opportunity zone on or after March 1, 2018, among other changes.

Consider this: Maryland biohealth companies were the first to map the human genome; first to develop a rapid test for Ebola; and first to create an FDA-approved blood test for colon cancer, among many more lifesaving innovations. Currently, Maryland ranks 4th in the nation's top 10 biopharma clusters in 2019. We are home to over 500 biotech companies and 2,700 life science firms. Maryland ranks first in NIH research and development contract awards, first in federal obligations for research and development on a per capita basis, and first in concentration of employed doctoral scientists. Moreover, as home to the nation's top security agencies such as the U.S. Cyber Command, NSA, DISA and NIST, Maryland is the U.S. headquarters for cybersecurity. Maryland has over 35 incubators and research parks and a talent pool of over

116,000 IT professionals. The last thing Maryland should do is take any action that would undermine the growth of these two key industries.

As explained in the Fiscal Note, imposing greater restrictions on eligibility for enhanced benefits under the biotechnology investment incentive and cyber security investment incentive tax credit programs would likely result in a reduction in incentives claimed by growing Maryland businesses. Clearly, this would needlessly harm early stage, entrepreneurial businesses that could drive desired development in Maryland opportunity zones. As such, MTC opposes Senate Bill 122 and urges the Senate Budget & Taxation Committee to give this bill an unfavorable report.

For more information call:

Richard A. Tabuteau

Pamela Metz Kasemeyer

J. Steven Wise

Danna L. Kauffman

410-244-7000