



**Testimony Supporting Senate Bill 122
Economic Development- Opportunity Zone Incentives- Alteration of the more jobs for Marylanders and
Opportunity Zone Enhancement Programs**

**Senate Budget & Taxation Committee
January 15, 2020**

Position: Support

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 neighborhoods are thriving and where people of all incomes have abundant opportunities for themselves and their families.

The purpose of Senate Bill 122 is to alter certain terms relating to eligibility for benefits under the More Jobs for Marylanders and Opportunity Zone Enhancement programs; altering, to taxable years beginning after December 31, 2018 but before January 1, 2022, the time for which enhancements under the Opportunity Zone Enhancements Program are applicable; limiting eligibility for certain Opportunity Zone Enhancement Program benefits to investments in biotechnology and cybersecurity companies established in opportunity zones by March 1, 2018.

Opportunity Zones are an ambitious and historic federal undertaking that sought to match the interest of private investors seeking tax relief on unrealized capital gains with the interest of local communities in need of revitalization. The sheer scale and transformative power of the Opportunity Zones had the potential to attract and spur economic activity with broad social benefits equitably-shared in some places, but just as likely to accelerate the type of neighborhood change that results in displacement, dislocation and poor social outcomes for local residents in others.

We urge your support for this bill as it seeks clean up some elements of the new state law to ensure that the program is working as intended to increase employment and economic activity in low income communities as well as prevent wasteful spending. We agree with the need to discourage low wage job creation, and "sin" businesses such as liquor stores and adult entertainment. We are eager to close loop holes that reward biotech and cybersecurity enterprises for simply existing in opportunity zones without additional investment or risk.

Finally, CDN works to expand opportunities for all Marylanders and as such looks forward to added reporting requirements that help the state assess the success of the program in terms of job creation, business formation, affordable housing, health and community benefits.

We urge your favorable consideration of SB 122.
