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CECIL COUNTY, MARYLAND

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TESTIMONY OF

Christopher P. Moyer, Director
Cecil County Office of Economic Development
BEFORE
House Ways and Means Committee

February 12, 2020

The Cecil County Office of Economic Development opposes the passage of **HB 223** – End Ineffective Business Subsidies Act of 2020 as written.

In the Tax Foundation's 2020 State Business Tax Climate Index, Maryland's overall tax climate ranking is 8th worst in the country, with a property tax ranking of 9th worst. CNBC reports that Maryland has the 5th worst cost of doing business in the country. House Bill 223 seeks to significantly cut essential business tax credits such as Opportunity Zone Enhancement Program, One Maryland Program, Enterprise Zone Program, Biotech Investor Program, and Job Creation Program. This bill will only make Maryland's reputation with business owners and site selectors worse.

While being a rural Maryland county with a total population just over 100,000 people, Cecil County's economy has grown exponentially over the past several years. We now have the 2nd highest job growth rate in Maryland, the 3rd highest wage growth rate in Maryland, and the highest GDP growth rate of any jurisdiction along the East Coast's I-95 corridor. A primary reason for our growth has been the Enterprise Zone tax credit. Cecil County benefits from having ample industrially zoned land in our growth corridor. Principio Business Park currently has 2,000 acres and 6 million sf occupied by the likes of Amazon, Smithfield, Medline, GE, and Restoration Hardware, which employ 3,000 people. Over the next 20 years, those companies will bring more than \$150 million in tax revenue to Cecil County alone. Without the Enterprise Zone tax credit, Principio won't be able to realize its true potential – plans call for an additional 15 million sf on an additional 4,000 acres. But for the enterprise zone program, Cecil County will miss out on an additional \$360 million of tax revenue over the next 20 years.

Principio isn't the only Cecil County project that benefits from the Enterprise Zone program. Bainbridge, a former training center for the US Navy in Port Deposit that closed in 1976, has sat fallow for decades. This site, which Delegate Hornberger took this committee on a tour of in 2019, is finally primed for development. Environmental remediation began two months ago and site work will begin later this year. Without Enterprise

Zone designation, a development team wouldn't be ready to construct 3.6 million square feet to create 2,000 jobs in the western part of Cecil County. A project that wouldn't have come but for receiving Enterprise Zone designation is the Great Wolf Lodge set to begin construction next month in Perryville. This \$200 million, 500-room resort will bring 500,000 tourists to Cecil County annually. Over the next 25 years, Great Wolf Lodge will generate \$30 million in revenues for Cecil County and the State of Maryland will see an estimated \$117 million in sales taxes in that time.

HB 223's title uses the word "ineffective". These tax credits aren't ineffective – they're essential. With Maryland's reputation as an expensive place to do business, these tax credits are needed to help level the playing field. If this bill, and bills similar to it, get passed, Cecil County – and the rest of Maryland's rural counties – will see business and development interest come to a grinding halt. In closing, HB 223 will negatively affect Cecil County's economy; therefore, on behalf of the Cecil County Office of Economic Development, I urge your unfavorable report on HB 223 as written.