



LEGISLATIVE POSITION:

Unfavorable

House Bill 565

Income Tax – Business and Economic Development Tax Credits – Termination

House Ways and Means Committee

Wednesday, February 12, 2020

Dear Chairwoman Kaiser and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 4,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees and families.

HB 565 seeks to prevent the designation of new enterprise zones and focus areas, and the expansion of current ones. The bill also seeks to prevent the designation of new Regional Institution Strategic Enterprise (RISE) zones, and the renewal of existing ones. Furthermore, this bill seeks to terminate the One Maryland Economic Development Tax Credit, the Opportunity Zone Enhancement Program, the Buy Maryland Cybersecurity Tax Credit, and the Small Business Relief Tax Credit.

The programs addressed in HB 565 are designed to spur investment and job growth in certain industry sectors or regions of the state. For example, Maryland's 149 Opportunity Zones are designed to provide federal tax incentives for economic investment in distressed communities over the next 10 years. More than one-third of those zones are in Prince George's County and Baltimore City. According to the Maryland Department of Commerce, more than 900 new jobs were expected to be created in FY18 as a result of the Opportunity Zone program.

Additionally, the One Maryland Economic Development Tax Credit, a program designed to grant tax benefits for economic development investment in Tier 1 counties, created 329 new jobs in FY17, according to the Maryland Department of Commerce.

Each economic development incentive serves a specific purpose and community, each with their own set of investment needs and outcomes. As such, the Maryland Chamber of Commerce is saddened to see an attempt to eliminate the lot of Maryland's economic development incentives in one package without the appropriate evaluation or consideration of each individual program in its own context. By removing the entire menu of programs available to public and private institutions, HB 565 stands to put Maryland at a competitive disadvantage in the region and without the appropriate tools to impact positive change in the state's economy.

For these reasons, the Chamber respectfully requests an **unfavorable report** on House Bill 565.