



POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 1089 -- ECONOMIC DEVELOPMENT - JOB CREATION TAX CREDIT – QUALIFIED POSITION

March 5, 2020

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

Position: Oppose

House Bill 1089 requires that to be eligible for the Job Creation Tax Credit, qualified positions must pay 150% of minimum wage instead of the current 120% minimum threshold. The bill also extends the qualified position definition to include an employee who is provided career advancement training, affords the employee the right to collectively bargain for wages and benefits, provides fair scheduling and paid leave, offers employer-provided health insurance, retirement benefits, and is considered covered for unemployment insurance and workers' compensation benefits.

The Greater Baltimore Committee (GBC) contends that preserving effective tax credits and incentives is a vital part of Maryland's ability to compete and ensure robust and inclusive economic development efforts around the State. Among the most important incentives for a competitive business climate is the Job Creation Tax Credit, which provides a State income tax credit of up to \$3,000 per job, or \$5,000 per job in a revitalization area, for businesses that create new full-time positions. The requirements imposed by House Bill 1089 make the Job Creation Tax Credit program less competitive and more difficult to administer, thereby weakening the incentive and increasing costs to the Department of Commerce.

Effective tax credits, such as the Job Creation Tax Credit, are important economic development tools and should be maintained or strengthened. Measures such as House Bill 1089 only serve to harm Maryland's ability to compete in a globally competitive business climate.

In response to this proposal and a myriad of tax credit-related legislation pending this session in the Maryland General Assembly, the GBC advocates for the creation of a comprehensive commission to study business tax credits. Several bills are pending that create a tax commission while also calling for the examination of business tax credits. The GBC respectfully requests to be a formal member of any commission that may be created by the Maryland General Assembly.

This bill is inconsistent with a key tenet in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth:

Strategic and effective state investments in business growth. The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.

For these reasons, the Greater Baltimore Committee urges an unfavorable report on House Bill 1089.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 65-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

G R E A T E R B A L T I M O R E C O M M I T T E E

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