



TO: The Honorable Guy Guzzone, Chair
Members, Senate Budget and Taxation Committee
The Maryland Department of Commerce

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

DATE: January 27, 2021

RE: **SUPPORT** – Senate Bill 196 – *Economic Development – Research and Development Tax Credit – Alterations*

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 **support** for Senate Bill 196.

Senate Bill 196 alters a number of provisions of the Research and Development Tax Credit (R&D) to enhance and expand the effectiveness and impact of the R&D program. The bill limits the credit availability to “10% of the amount by which the Maryland qualified research and development expenses paid or incurred by the individual or corporation during the taxable year exceed the Maryland base amount for the individual or corporation” and dedicates \$3,500,000 of the \$12,000,000 annual tax credits to small businesses with provisions for flexibility if there are not a sufficient number of small businesses that apply in any given year. The legislation also provides a formula for adjusting the tax credit for businesses that are not small business if the total amount of credits applied for exceeds the allocated funding.

The R&D tax credit has been a valuable program to businesses across the State and continues to reflect the State’s commitment to supporting economic development and innovation throughout the State. Amending the program to benefit additional individuals and corporations, with a dedicated focus on the small businesses only serves to broaden its impact and enhance Maryland’s competitiveness for new and emerging companies. A favorable report is requested.

For more information call:

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