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Ways and Means Committee

Education Subcommittee

Finance Resources Subcommittee



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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**SUPPORT HB474 INCOME TAX CREDIT- WINERIES AND VINEYARDS-
SUNSET EXTENSION**

Dear Madame Chair and members of the Ways and Means Committee, I am here today to present HB 474 which extends an existing tax credit to Maryland's wineries and vineyards. This credit has been in existence since 2012 and has been highly successful in assisting this small but important industry to make the continuing capital investments it needs to grow and expand.

This credit supports Maryland's public policy goals of preserving working agricultural lands and supporting the sustainability of agricultural tourism in the State. My district has some of the most productive farmland in Maryland. There is constant threat of losing those lands to other kinds of uses because of the difficulty farmers have keeping up with global competition. Encouraging farms to switch from commodities like grain to value added products like wine allows them to increase profit margins and stay in farming. On many farms, the vineyard and wine making operation only occupies a portion of the farm. But it makes the revenue that allows the rest of the farm's acreage to stay agricultural.

House Bill 474 does not expand or change the current tax credit program. Since 2012, the program has provided income tax credits to businesses that incur qualified capital expenses. These expenditures are in connection with establishing of new wineries or vineyards or capital improvements at existing wineries or vineyards in Maryland.

The credit only applies to 25% of the eligible capital expenditures made in connection with the establishing new wineries or vineyards or making improvements existing wineries or vineyards. There is a statewide annual limit of \$500,000 for all businesses that apply.

The credit was initiated to replicate a similar credit that is given by Virginia and since its initiation, sales of Maryland wine have grown by over 100,000 gallons. In 2019, 31 wineries were approved for this credit.

For these reasons, I have introduced House Bill 474 to extend this credit for five years and help keep Maryland's wineries growing and thriving.

Sincerely,
Delegate Michele Guyton