



Testimony Concerning HB 262
Opportunity Zone Tax Deduction Reform Act of 2021
Ways & Means Committee
January 21, 2021

Position: **Support**

The Community Development Network of Maryland (CDN) is the voice for Maryland’s community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland’s urban, suburban and rural communities. CDN envisions a state in which all neighborhoods are thriving and where people of all incomes have abundant opportunities for themselves and their families.

Opportunity Zones are an ambitious and historic federal undertaking that sought to match the interest of private investors seeking tax relief on unrealized capital gains with the interest of local communities in need of revitalization. The sheer scale and transformative power of the Opportunity Zones had the potential to attract and spur economic activity with broad social benefits equitably-shared in some places, but just as likely to accelerate the type of neighborhood change that results in displacement, dislocation and poor social outcomes for local residents and others. Currently, these investors receive a break on both their federal and state taxes, even if the money is invested outside of Maryland.

This bill would decouple Maryland from the federal tax incentives for opportunity zones. If Maryland decouples from the federal government on this particular tax provision, the state could save \$20 million per year that can be used for education or to fill the looming deficit.

How many more tax breaks do wealthy individuals need? Thus far, the Opportunity Zone program is another fairytale of trickle-down economics. This bill seeks to redirect investment of wealthy investors to Maryland. We are eager to close loop holes that reward those with capital gains with little regard for distressed communities, long left behind by history and the market

We urge your favorable consideration of HB 262.