



6240 Old Dobbin Lane ■ Suite 110 ■ Columbia, MD 21045

January 18, 2021

The Honorable Paul Pinsky
Chair, Education Health and Environmental Affairs Committee
Maryland Senate
2 West Miller Senate Office Building
Annapolis, Maryland 21401

The Honorable Anne Kaiser
Chair, Ways and Means Committees
House of Delegates
House Office Building, Room 131
6 Bladen St., Annapolis, MD 21401

RE: SB246/HB360

Dear Senator Pinsky and Delegate Kaiser:

The Howard County Chamber (Chamber) is an organization dedicated to the advancement of a vibrant and thriving business community with a positive economic climate. To help achieve these goals, we look for public policies that attract new businesses and talent to our communities. To advance Maryland's economy it is vital for us to be an appealing market to industries such as tech, health care, cyber security, clean energy, and other niche areas. Unfortunately, despite receiving more federal research funding than most States, Maryland ranks close to the bottom in the availability of seed funding. In short, we are behind other States in having the ready capital available for entrepreneurs to grow their business which in turn creates more jobs and strengthen our state economic development efforts.

To combat the lack of availability in seed funding, we need to provide critical early-stage capital for startup companies and a tax credit to investors who provide the capital to the innovative startup companies headquartered in Maryland. The SB246/HB360 will provide tax incentives to "Angel Investors" who invest their own funds in early-stage ventures.

Passing SB246/HB 360 will create an Angel Investor Tax Credit Reserve Fund consisting of money appropriated in the State Budget annually out of which the tax credit shall be paid. It will provide a tax credit for investments made in qualified businesses: defined as a company that

has its HQs and base of operations in Maryland, has fewer than 35 full-time employees, is not public, and has been in business fewer than 10 years. It will require the State Treasurer to hold the Reserve Fund and a qualified business receiving an “angel investment” to report yearly information to the Department of Commerce. In return this will help create jobs and generate additional revenue for our state and assist to place Maryland on par with other states for its support of early-stage investors and startup companies.

As an advocate for businesses, the Chamber is constantly looking for opportunities and policies that will keep Maryland attractive to businesses. By having more seed funding available to new startups by giving “Angel Investors” a tax incentive along with the high federal research funding, Maryland could become an attractive and place of choice for the next “Amazon” or “Facebook”.

For the reasons outlined above, the Chamber asks the committee to vote in favor of SB 246/HB360. Should there be any questions concerning the Chamber’s position, I can be reached at 443-878-1234.

Respectfully,

A handwritten signature in black ink that reads "Leonardo McClarty". The signature is written in a cursive, flowing style.

Leonardo McClarty, CCE
President/CEO, Howard County Chamber

CC: Howard County Chamber Board of Directors
Howard County Camber Legislative Affairs Committee