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HB 710

February 17, 2022

TO: Members of the House Environment and Transportation Committee

FROM: Natasha Mehu, Director, Office of Government Relations

RE: House Bill 710 – Equitable & Inclusive Transit-Oriented Development Enhancement Act

POSITION: Support

Chair Barve, Vice Chair Stein, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 710.

HB 710 will encourage investments in Transit-Oriented Developments by making businesses located in these projects eligible for the More Jobs for Marylanders Tax Credit Program. Through the establishment of a capital grant and revolving loan fund, the bill will provide much-needed financial assistance to local jurisdictions to invest in Transit-Oriented Developments.

The More Jobs for Marylanders tax credit originated as a way to promote the growth of manufacturing in the State by incentivizing job creation, job training and apprenticeship, and investment in new equipment. In 2019, the State expanded the program to include non-manufacturing businesses located in Opportunity Zones. If passed, this bill would extend the benefits to businesses located in Transit-Oriented Developments.

Provided that companies meet the sector or locational criteria listed above, More Jobs for Marylanders allows existing businesses to claim a refundable credit against the State's income tax of 5.75% of wages for each qualified position, with benefits available for a 10-year period after the business claims the credit. In addition to this refundable income tax credit, new businesses can claim a credit against the State's portion of the property tax, a refund of sales and use tax, and a waiver of fees charged by the State Department of Assessments & Taxation. Businesses that qualify solely based on their location in an Opportunity Zone must create at least 5 qualified positions paying \$50,000 per year, filled for 12 months in order to claim the credit. For those businesses in a manufacturing sector, the jobs must pay at least 120% of the minimum

wage. If HB 710 becomes law, business located in Transit-Oriented Developments will enjoy access to the same benefits as Opportunity Zone-based businesses.

Baltimore City's economy has benefited from the eligibility of Opportunity Zone-based businesses for More Jobs for Marylanders; the expansion of eligibility to include Transit-Oriented Developments will similarly support new business attraction and existing business expansion. As a result of this bill, more businesses will locate in areas easily accessible to those without vehicles.

Transit-Oriented Development helps leverage existing transportation infrastructure to support higher-density residential, commercial, public, and retail spaces. It is not only accessible but sustainable, encouraging lower CO2 alternatives compared to single-occupancy vehicles. The increased emphasis on Transit-Oriented Development around existing transit infrastructure generally leads to higher transit ridership. The City's adopted Complete Streets Manual prioritizes pedestrians and transit vehicles over single-occupancy vehicles and encouragement of TOD is aligned with these priorities.

HB 710 establishes a Transit-Oriented Development Capital Grant & Revolving Loan Fund in order to galvanize the development of projects in Transit-Oriented Development zones. By funding these projects, the State will reduce traffic congestion while promoting equitable and inclusive developments which will benefit Baltimore City and other urbanized jurisdictions throughout the State. If passed, HB 710 will support business development, increase equity, decrease congestion, and build up density, while increasing the economic vitality of the State.

For these reasons, the BCA respectfully request a **favorable** report on House Bill 710.