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Testimony in Support of
House Bill 1273 - Income Tax - Credit for Travel, Hospitality, and Entertainment
House Ways and Means Committee
March 09, 2022

The Rural Maryland Council supports House Bill 1273 - Income Tax - Credit for Travel, Hospitality, and Entertainment. This bill will help revitalize the travel, hospitality, and entertainment industries which have faced tremendous financial declines during the COVID-19 pandemic. This would be accomplished by creating a credit against the state income tax for those who travel over 50 miles from their home and spend their money on food and beverages; lodging and transportation; live entertainment and sporting events; or to attend a conference or business meeting. This tax credit will incentivize Marylanders to travel to other parts of the State and spend money at the local businesses.

Rural Maryland does not always receive the same number of visitors as the urban and suburban parts of the State. This tax credit will encourage more travel to these rural areas by requiring the tax credit to be applied to expenses at locations 50 miles or more from the individual's home. This will bring Marylanders from the central parts of the State to the rural parts of the State. Additionally, the economies of rural areas depend heavily on the hospitality and tourism industries, making the recent decline of travel more hurtful to the rural communities that depend on these industries. The U.S Census's Small Business Pulse Survey reports that almost 70% of Maryland's businesses reported that the pandemic had an overall negative effect on the business. These negative impacts can be seen by the decrease in visitors during the pandemic. According to Tourism Economics' report, *Economic Impact of tourism in Maryland 2020*, Maryland's visitor spending declined 37.5% in 2020, registering at \$11.6 billion. This is a \$7 billion loss from the \$18.6 billion that was created in 2019.

The increased economic activity that the tax credit will bring to rural areas will ultimately create more job opportunities in order to accommodate for the increased activity. Additionally, rural areas recover from economic downturns at a slower rate than urban and suburban areas. The employment rates of rural areas were still recovering from the great recession before being hit by the pandemic in 2020. According to USDA Economic Research, the rural employment rate of 2017 was still 2 percent below the 2007 peak while metro areas had increased by 7.2 percent. Since rural areas take longer to recover, it is important that incentives are put in place to assist the recovery of rural Maryland.

The Rural Maryland Council respectfully requests your favorable support of House Bill 1273.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

"A Collective Voice for Rural Maryland"