

MARYLAND FAIR FUNDING COALITION

Testimony in SUPPORT of HB 478
Del. Vanessa Atterbeary, Chair
House Ways & Means Committee

The Maryland Fair Funding Coalition is a coalition of more than 30 organizations across the state that are committed to policies that make our tax system more equitable and allow the state to raise sufficient revenue to sustain the essential public services Maryland families and communities need to thrive.

The coalition supports proposals that eliminate loopholes and tax breaks that benefit special interests and fix our upside-down tax code, which allows the wealthiest individuals to pay the smallest share of their income in state and local taxes. Fixing our tax system will ensure that large corporations and wealthy individuals are paying their fair share for the public services we all rely on.

Our coalition supports HB 478, which would take steps to reduce the accelerated growth and strengthen reporting requirements for one of Maryland’s largest business tax break programs, the Enterprise Zone programs.

Maryland’s economy is built on the foundation of our shared investments—things like quality health care, strong public schools, and reliable transportation networks. Surveys consistently find that these assets are among the most important factors business leaders consider when deciding where to start and grow a business. Individuals and businesses alike help maintain these investments through our taxes, but ineffective subsidy programs allow some businesses to reduce or eliminate their responsibility to help pay for the services they benefit from.

House Bill 478 would take several important steps to ensure the costs of the Enterprise Zone program remain reasonable and the funds are well targeted. For example, the bill would pause the creation of new Enterprise Zones and expansion of existing ones in any year in which the program’s property tax credits are expected to exceed \$60 million in cost, and it would place reasonable limits on the growth of existing Enterprise Zones. The legislation also creates an improved process for reviewing designated Enterprise Zones and ensuring tax credits going to them are effective.

Since 2001 our State and local governments endured cost of approximately \$600 million due to the Enterprise Zone Tax Credits. The Enterprise Zone program reforms in HB 478 will help ensure that our shared resources are used to benefit Maryland communities, not already successful businesses receiving the subsidy. Our coalition urges our legislators to commit to Maryland families and the future of our economy by supporting HB 478

Therefore, we urge a favorable report on HB 478