



# POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 2 – INCOME TAX - WORK OPPORTUNITY TAX CREDIT

Delegate Eric Luedtke

January 26, 2022

DONALD C. FRY

PRESIDENT & CEO

GREATER BALTIMORE COMMITTEE

## Position: Support

House Bill 2 allows employers that claim the federal work opportunity tax credit to also claim a credit against the state income tax for wages paid to individuals with barriers to employment.

The Work Opportunity Tax Credit (“WOTC”) is a long standing federal tax credit available to employers for hiring individuals from certain targeted groups who have consistently faced significant barriers to employment. These groups include the long-term unemployed (27 consecutive weeks), TANF, and SNAP recipients, as defined in the federal code. The qualifying individuals under these categories are among the most impacted by the pandemic’s health and economic consequences as well as the structural issues in our economy. These individuals face significant barriers to workforce reentry.

The credit is “earned” by employers as they provide a certain amount of wages over time to an eligible employee, thus encouraging longer term employment. Employers do not receive a penny of the credit until they start paying the wages for at least 120 hours. The maximum federal credit for most of the categories is \$2,400.

The addition of a corresponding state tax credit will provide further incentives for Maryland employers to create jobs for individuals facing significant barriers to employment. The credit would have the same criteria as the federal program, adding little administrative burden to either the employer or the state.

This bill is consistent with a key tenet in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth.

**Strategic and effective state investments in business growth.** *The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.*

**For these reasons, the Greater Baltimore Committee urges a favorable report on House Bill 2.**

*The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 67-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.*

GREATER BALTIMORE COMMITTEE

111 South Calvert Street • Suite 1700 • Baltimore, Maryland • 21202-6180

(410) 727-2820 • www.gbc.org