



LEGISLATIVE POSITION:

Unfavorable

House Bill 1096

Economic Development Tax Credit Programs – Qualified Position and Qualified Employee - Definitions

House Ways and Means Committee

Wednesday, March 2, 2021

Dear Chairwoman Atterbeary and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

HB 1096 alters the definition of “qualified position” under the One Maryland and More Jobs for Marylanders economic development programs. The new definition of “qualified position” includes a requirement to pay at least 150% of the state minimum wage and 12 new requirements an employer must meet by providing certain benefits to the employee for the position to qualify.

The newly introduced requirement outlined in HB 1096 that an employer must pay 150% of the state minimum wage after October 1, 2022 alters the current requirement to pay 120% of the minimum wage, which would create a conflict with other tax incentive programs which cite a similar wage payment requirement. The legislation also still allows for payment of 120% the minimum wage if the position is filled before October 1, 2022. This creates confusion and uncertainty which ultimately disincentivizes the use of economic development programs.

Additionally, many of the new benefits an employer must provide the employee for the position to meet the new definition are vague and create additional cost and administrative burden. For example, the new requirement that an employer must provide “career advancement training” is vague and undefined. To go further, new requirements that an employer must provide employees the “right to collectively bargain”, “offers employer-provided health insurance benefits”, and “offer retirement benefits” are all items which create additional cost and administrative burdens on newly formed businesses which these programs are designed to encourage.

Simply put, HB 1096 makes it extremely difficult to create “qualified positions” which are counted for the purposes of tax credit eligibility, therefore, making it more difficult to qualify for Maryland’s incentive programs. This will cause Maryland’s economic development incentives to become underutilized, defeating their purpose. For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on House Bill 1096.