



TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 551 – BROADBAND EXPANSION INCENTIVE ACT OF 2023

Sponsors: The Speaker (By Request - Administration), et al.

February 16, 2023

**Mark A. Thomas
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support

The Greater Baltimore Committee (GBC) supports Senate Bill 551, which would create a subtraction modification in the Maryland income tax for federal grants allocated for broadband infrastructure and broadband deployment. It would also create a 5-year moratorium on sales and use tax for the sale of network equipment, which includes modems, fiber optic cables, servers, etc. that are used to provide internet service or deploy broadband.

Technology continues to develop at an exponential rate and digital access is an essential part of education, health care, workforce development, and business operations. However, reliable broadband access is still unavailable to many Marylanders who are part of historically underinvested groups. In 2021:

- 18% of all Maryland households did not have a laptop or desktop computer at home.
- 8,900 households in Baltimore City lacked even a smartphone with broadband internet speeds.
- 40% of the Marylanders who lacked wireline broadband services were African American and less than half of Hispanic households had wired broadband access.

The federal government has recognized the importance of consistent, reliable broadband access across the country without geographic or socio-economic disparities. The time to bridge the digital divide is now. Waiving state taxes on this once-in-a-generation opportunity to leverage federal investments in broadband will make broadband access more equitable and affordable. In addition, all of Maryland's neighboring states have removed the sales tax on broadband network purchases. This tax moratorium will allow Maryland to stay competitive and will encourage private sector investment in the state.

House Bill 551 aligns with the GBC's 2023 legislative priorities. The GBC supports efforts to bridge the digital divide and expand broadband access and connectivity for education, workforce training, and employment. This legislation is an important step in achieving that goal.

For these reasons, the Greater Baltimore Committee urges a favorable report on House Bill 551.

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, Cecil, Harford, and Howard counties as well as Baltimore City. The GBC is a 68-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

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