



**HB551 Broadband Expansion Incentive Act of 2023**  
**House Ways and Means Committee**  
**February 16, 2023**

**Position: Favorable**

**Background:** HB551 would establish a State income tax subtraction modification for certain broadband grants and would exempt internet service equipment from the State sales and use tax.

**Comments:** The Maryland Retailers Association (MRA) strongly supports HB551, which would offset the costs of upgrading internet service by establishing a State income tax subtraction modification for qualified broadband grants and exempting internet service equipment from the State sales and use tax.

Access to affordable and dependable high-speed broadband services is no longer a luxury. As we have learned since the onset of the COVID-19 pandemic, dependable internet access is a necessity. When the nation shut down to promote social distancing and public health in 2020, we all pivoted to run our businesses, educate our children, connect with family and friends, and purchase goods and services online. We lived our lives almost entirely virtually, and many households and businesses suffered due to lack of adequate broadband infrastructure in their communities and the cost of upgrading to higher quality internet services.

It is clear that many aspects of our online lives will remain part of the “new normal”. Schools revert to online learning days during inclement weather, small businesses continue to build out websites to reach their customers at home, and even the legislature has chosen to accept virtual testimony after returning to in-person functions. These shifts benefit the public by providing greater access to education, conveniently purchased goods and services, and transparency with local governments, but only if everyone has access to the internet. For businesses, functioning in the modern digital age means not only hosting an online shop or connecting with customers online to provide professional services but also using the internet to hire new employees, provide training and communications, and even maintain internal systems like accounting and benefits management.

The Broadband Expansion Incentive Act will ease the financial burden of expanding high speed internet services throughout our state. It is imperative that we make this transition as affordable as possible so that all Marylanders have the access that they need to thrive in today’s world. For these reasons, we would urge a favorable vote on HB551. Thank you for your consideration.