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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 14, 2024

SB702
Income Tax – Biotechnology Investment Incentive Tax Credit Program
Pass-Through Entities

Chair Guzzone, Vice-Chair Rosapepe and Member of the Budget and Tax Committee;

Thank you for the opportunity to present SB702, Income Tax- Biotechnology Investment Incentive Tax Credit Program – Pass-Through Entities today.

The BIITC program was designed to encourage people to go into Venture Capital (VC). VC is an industry that operates, like all industries, with a certain set of norms. Currently, the Department of Commerce awards the Biotechnology Investment Incentive Tax Credit at the entity level, to the entity soliciting investments, however they issue returns to the individual investors. This disconnects the application and qualification for the credit from those who receive the credit.

SB702 corrects this situation and aligns Maryland with the **Venture Capital Industry Standards**. By collecting the credit at the entity level, Maryland would be adhering to the standard operating practices prevalent in the venture capital industry. This approach is instrumental in attracting venture capital investment and supports the fundamental operations of managing investments and distributions, in line with the expectations of both the industry and other states with similar practices.

I respectfully request a favorable report on SB702.

