

SB733_AFSCME-FAV.pdf

Uploaded by: Cindy Smalls

Position: FAV



190 W. Ostend St., #101
Baltimore, MD 21230
Phone: 410-547-1515
Email: info@afscmemd.org

Patrick Moran – President

**SB 733 – Task Force to Study Transparency in Tax Incentives
Budget & Taxation Committee
February 14, 2024
Support**

AFSCME Council 3 supports SB 733, the establishment of a Task Force to Study Transparency in Tax Incentives. In the bill, tax incentives are defined as tax increment financing, payments in lieu of taxes agreements, the Enterprise Zone property tax credit, and the Brownfields Revitalization Incentive Program.

Tax incentives are a significant tool used by governments to promote economic development and attract investment. However, without proper oversight and transparency measures, there is a risk of misuse or ineffectiveness. Establishing a task force will help ensure that tax incentives are administered accountably and in the best interest of the public. Transparent tax incentive programs can help ensure that benefits are distributed equitably across different sectors and communities within the state and Maryland can work towards creating a level playing field for businesses and individuals seeking to take advantage of these incentives.

Transparent governance is essential for maintaining public trust in government institutions. By establishing a task force dedicated to studying transparency in tax incentives, Maryland can demonstrate its commitment to openness, accountability, and good governance, thereby fostering trust among its citizens. A thorough examination of tax incentives can reveal areas for improvement in their design, implementation, and evaluation. Maryland can identify best practices and make informed decisions to enhance the effectiveness of these programs in achieving their intended goals.

Tax incentives represent a significant expenditure of public resources, so ensuring that these incentives such as the Brownfield Revitalization Program and the Enterprise Zone property tax credit are used efficiently and effectively is important. We think that the state should be studying all its tax incentives and not just the ones in the scope of the bill.

In a time when Maryland is searching for a way to increase revenues to provide much-needed services in our state and close the gap on staffing shortage, studying these tax incentives is essential to ensure fair, effective, and accountable use of public resources, and maintain public trust in the tax system.

For this reason, we ask for a favor report on SB 733

SB0733Testimony.pdf

Uploaded by: Jill Carter

Position: FAV



THE SENATE OF MARYLAND
Annapolis, Maryland 21401

Testimony of Senator Jill P. Carter
In Favor of SB0733 – Task Force to Study Transparency in Tax
Incentives
On February 14th, 2024

Mr. Chairman, Vice Chair, and Members of the Committee:

The economic landscape of Maryland demands bold and proactive measures to bolster growth, attract investment, and enhance competitiveness in a way that benefits the entire state. Establishing a Tax Incentive Task Force is not just advisable; it's imperative. Maryland must seize the opportunity to harness the full potential of its tax incentives to drive sustainable development and foster an environment that allows businesses of all kinds to succeed in this state.

Tax incentives wield immense power in shaping economic behavior. They serve as critical tools to incentivize desired actions, whether it's revitalizing blighted areas, attracting high-growth industries, or paying the utility cost of sports stadiums. However, these tax incentives at the same time create strong opportunity costs that future generations will have to pay for. Marylanders have the right to know how these tax incentives will impact them and their children who will undoubtedly be the future generation most impacted by haphazard tax gifts.

The efficacy of these incentives hinges on their judicious design and implementation. A dedicated task force can meticulously evaluate the impact of existing incentives, identifying strengths, weaknesses, and areas for improvement. Furthermore, distorted evaluation processes across various tax incentive programs create inefficiencies and breed confusion.

A uniform, standardized evaluation framework is essential to ensure transparency, accountability, and equitable distribution of benefits. Without it, Maryland risks squandering resources on ineffective incentives or inadvertently favoring certain industries or regions over others. The urgency of this matter cannot be overstated. With neighboring states aggressively vying for businesses and investors, Maryland must sharpen its competitive edge. While at the same time paying close attention to the future impacts of giving away tax dollars in exchange for economic activity.

By mandating a Tax Incentive Task Force to submit its findings and recommendations by July 1, 2025, Maryland demonstrates its commitment to proactive governance and evidence-based policymaking. The future prosperity of the state hinges on its ability to adapt, innovate, and capitalize on opportunities. Now is the time for decisive action.

I urge this committee to give a favorable report on SB0054. Thank you for your time.

Respectfully,

Jill P. Carter

SB 733 - Task Force to Study Transparency in Tax I

Uploaded by: Donna Edwards

Position: FWA



MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Balto. (410) 269-1940 • Fax (410) 280-2956

President

Donna S. Edwards

Secretary-Treasurer

Gerald W. Jackson

**SB 733 - Task Force to Study Transparency in Tax Incentives
Senate Budget & Taxation Committee
February 14, 2024**

SUPPORT WITH AMENDMENT

**Donna S. Edwards
President
Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to provide testimony in support of SB 733 - Task Force to Study Transparency in Tax Incentives. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

SB 733 requires the State Department of Assessments and Taxation (SDAT) to study the effectiveness and performance of current tax incentives offered by Maryland. SB 733 injects sunlight into an opaque process and finally allows legislators to understand the ways that our tax incentives interact with state revenues and economic outcomes.

Despite strong support for the aims and purpose of this bill, which seem to largely focus on real estate and commercial development incentives, we believe that its scope of what it defines as a tax incentive is too narrow. SB 733 defines a tax incentive as tax increment financing programs, payment in lieu of taxes (PILOT) funding, Enterprise Zone tax credits, and Brownfields Revitalization Incentive programs. All of these programs are viewed by businesses as part of their economic calculations when making investments, but these just factor into the real estate part of the equation.

Maryland also offers multiple tax incentives that are directly tied to job creation and workforce investments. These programs have limited accountability and reporting. These tax credits require robust study and transparency. We believe that the study should be comprehensive and review all business income tax credit programs dealing with job creation, like the Small Business Relief Tax Credit, Job Creation Tax Credit, Community Investment Tax Credit, Businesses That Create New Jobs Tax Credit, Work Opportunity Tax Credit, One Maryland Economic Development Tax Credit, and More Jobs for Marylanders Tax Credit.

Any study of tax incentives would be incomplete without the full picture of the effectiveness of all these programs. Legislators and taxpayers deserve to know if these incentives truly lead to good paying sustainable jobs that grow our local and state economies.

To this end, we urge the committee to adopt the following amendment:

Adding the following text to Page 1 after Line 16, moving all subsequent text down.

- “(5) Small Business Relief Tax Credit as listed on Maryland Tax Form 500CR;*
- (6) Job Creation Tax Credit as listed on Maryland Tax Form 500CR;*
- (7) Community Investment Tax Credit as listed on Maryland Tax Form 500CR;*
- (8) Businesses That Create New Jobs Tax Credit as listed on Maryland Tax Form 500CR;*
- (9) Work Opportunity Tax Credit as listed on Maryland Tax Form 500CR;*
- (10) One Maryland Economic Development Tax Credit as listed on Maryland Tax Form 500CR;*
- (11) More Jobs for Marylanders Tax Credit as listed on Maryland Tax Form 500CR;”*

We urge a favorable report with the amendments we recommended on SB 733.