

MEIA_SB0091_FAV_2025_01_15.pdf

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Position: FAV



January 13, 2025

Senator Guzzone
Chair, Senate Budget & Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

RE: Hearing: SB0091 - Economic Development – Income Tax Benefit Transfer Program – Establishment
Hearing Date: Wednesday, January 15, 2025, 10:30 AM
Committee: Senate Budget and Taxation Committee

Dear Chairman Guzzone and Members of the Committee,

The Maryland Energy Innovation Accelerator (MEIA), a program of the Maryland Clean Energy Center (MCEC), strongly supports SB0091 – Economic Development – Income Tax Benefit Transfer Program – Establishment. This forward-thinking legislation creates a mechanism for Maryland’s innovative technology companies, including clean energy startups, to monetize unused operating loss subtraction modifications by transferring tax benefits to other businesses.

This legislation addresses a significant funding challenge for early-stage companies that are developing transformative technologies in Maryland. By prioritizing clean energy innovation, it provides critical resources to accelerate commercialization, drive economic growth, attract capital, and position Maryland as a leader in addressing climate change.

MEIA supports startups in commercializing clean energy technologies developed in Maryland. Since our inception, we have supported **over 50 startups**, resulting in **over 100 new jobs created**, and **over \$50 million** in private and public investment brought into the state. This legislation aligns with our mission by offering additional pathways to secure necessary funding for these companies to thrive.

We respectfully urge the committee to give SB0091/HB0035 a favorable report. Thank you for your leadership and commitment to Maryland’s innovation and economic development.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Margolis", is written over a light gray rectangular background.

Ben Margolis
Director
Maryland Energy Innovation Accelerator

SB0091_FAV_MTC_Eco. Dev. - Income Tax Benefit Tran

Uploaded by: Drew Vetter

Position: FAV



TO: The Honorable Guy Guzzone, Chair
Members, Senate Budget and Taxation Committee
The Honorable Brian J. Feldman

FROM: Andrew G. Vetter
J. Steven Wise
Danna L. Kauffman
Christine K. Krone

DATE: January 15, 2025

RE: **SUPPORT** – Senate Bill 91 – *Economic Development – Income Tax Benefit Transfer Program – Establishment*

The Maryland Tech Council (MTC), with over 800 members, is the State's largest association of technology companies. Our vision is to propel Maryland to be the country's number one innovation economy for life sciences and technology. MTC brings the State's life sciences and technology communities into a single, united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of **support** for Senate Bill 91.

Senate Bill 91 establishes the Income Tax Benefit Transfer Program within the Department of Commerce to allow eligible technology companies in the State with unused amounts of net operating loss subtraction modifications or income tax credits to transfer those benefits for use by other business taxpayers in the State. MTC understands that Senate Bill 91 is modeled after a similar law in New Jersey. New Jersey's program has demonstrated that such an initiative can provide much-needed capital to early-stage companies that have not achieved profitability by allowing them to sell their unused net operating losses to more established business entities. The proceeds from these sales provide liquidity to startups to continue to grow and innovate, hire skilled workers, and scale operations. Early-stage companies in Maryland would benefit from a similar approach to addressing the challenge of access to capital and high operating costs.

Senate Bill 91 helps move Maryland closer to our goal of becoming the country's number one innovation economy for life sciences and technology. We urge a **favorable** report.

For more information call:

Andrew G. Vetter
J. Steven Wise
Danna L. Kauffman
Christine K. Krone
410-244-7000

SB0091 Testimony.pdf

Uploaded by: Eric Wachsman

Position: FAV



UNIVERSITY OF MARYLAND

GLENN L. MARTIN INSTITUTE OF TECHNOLOGY
A. JAMES CLARK SCHOOL OF ENGINEERING

Building 089
College Park, Maryland 20742-2115
301.405.8193 TEL 301.314.8514 FAX
ewach@umd.edu
www.energy.umd.edu

Maryland Energy Innovation Institute

Eric D. Wachsman, Director

Maryland Energy Innovation Institute (MEI²) was created in 2017 through an Economic Development Act (HB410/SB313) of the Maryland General Assembly. MEI² works in partnership with academic institutions across the state to help attract federal and private support of Maryland energy research and innovation, with the specific economic development goal of commercializing emerging and transformative advanced clean energy technologies in Maryland.

Bill Number: SB0091

Title: Economic Development – Income Tax Benefit Transfer Program - Establishment

Hearing Date: January 15, 2025

Committee: Senate Budget and Taxation Committee

Recommend: FAVORABLE

Maryland has made addressing climate change a major priority through the Climate Solutions Now Act and related legislation. Maryland has also recognized the tremendous economic development potential of addressing climate change through commercialization of clean energy technologies developed in the State through creation of the Maryland Energy Innovation Institute's (MEI²) and related legislation. MEI² brings together world-class researchers across the State whose expertise spans a spectrum of cutting-edge domains, including battery and fuel cell technologies, biofuels, advanced materials, energy storage, and building and heating energy efficiency. Their collective knowledge and groundbreaking contributions empower us to stay ahead in the rapidly evolving landscape of sustainable energy solutions.

By investing in *Clean Energy Innovation* (a focus of SB0091), Maryland can simultaneously curb the progression of climate change, create green jobs, and build a more sustainable future for generations to come. This is easily demonstrated by the success of MEI² in partnership with the Maryland Energy Innovation Accelerator (MEIA) to create a clean energy innovation ecosystem for Maryland. As a result of this partnership, since MEI² created in 2017, **58 companies have been founded** and/or advanced in Maryland creating **225 full and part-time jobs** and bringing in over **\$79M in private investments** and over **\$111M in grant funding** for those companies. These investments and grant funding relative to MEI² and MEIA share of SEIF funding represent a **~33X return to the State economy from companies assisted through this partnership** and indicate the economic potential of investing in *Clean Energy Innovation*.

With this success these 58 (and growing) companies are pursuing private investment to expand their company in Maryland thus providing additional economic benefit to the State. However, due to their early stage they do not yet have taxable revenue and as such cannot afford themselves of any of the benefits of Maryland's tax code. By enabling these companies to transfer their earned tax deductions to other entities (e.g., investors) in the State they can use this as an incentive to raise additional private capital thus accelerating the growth of these

companies, creating more jobs and thus more employee revenue taxes for the State. Moreover, as this is a tax transfer it is essentially revenue neutral, other than the timing aspects of accelerating deductions from future years while accelerating employee tax revenue to earlier years.

Therefore, the Maryland Energy Innovation Institute urges a favorable report for SB0091 and thanks Senator Feldman for his leadership in sponsoring this legislation.

Yours sincerely,



Dr. Eric D. Wachsman
Director, Maryland Energy Innovation Institute
William L. Creutz Centennial Chair in Energy Research
Distinguished University Professor
Department of Materials Science & Engineering, and
Department of Chemical Engineering & Biomolecular Engineering
University of Maryland
www.energy.umd.edu

Past President, The Electrochemical Society
Editor-In-Chief, Ionics
Fellow, The Electrochemical Society
Fellow, The American Ceramic Society
Fellow, World Academy of Ceramics
Fellow, National Academy of Inventors

20250113 Bill 091 Testimony JDS ION Storage System

Uploaded by: Jorge Diaz Schneider

Position: FAV

Bill Number: SB0091

Title: Economic Development – Income Tax Benefit Transfer Program - Establishment Hearing

Date: January 15, 2025

Committee: Senate Budget and Taxation Committee

Recommend: FAVORABLE

Maryland has been central to my journey from a young age, and though America is the land of opportunity, for me, this state is its cradle.

As a proud University of Maryland MBA graduate and CEO of Ion Storage Systems, I passionately advocate for the implementation of an Income Tax Benefit Transfer Program in our state. This initiative would provide essential support to many innovative, Maryland-based companies like ours, driving economic growth and cementing Maryland’s status as a leader in technology and innovation.

Ion Storage Systems is developing next-generation solid-state batteries – a safer, more efficient, and sustainable alternative to traditional lithium-ion batteries. This technology has the potential to revolutionize industries ranging from military and consumer electronics to electric vehicles. However, like many startups in the advanced technology sector, our early-stage development requires significant investment in research and development, resulting in net operating losses (NOLs).

An Income Tax Benefit Transfer Program would support many startups, like Ion Storage Systems, during what is widely known as the “valley of death”, referring to the crucial transition between R&D and commercialization. Such a program would help companies bridge the gap to market entry, enabling them to thrive and further contribute to Maryland’s economy.

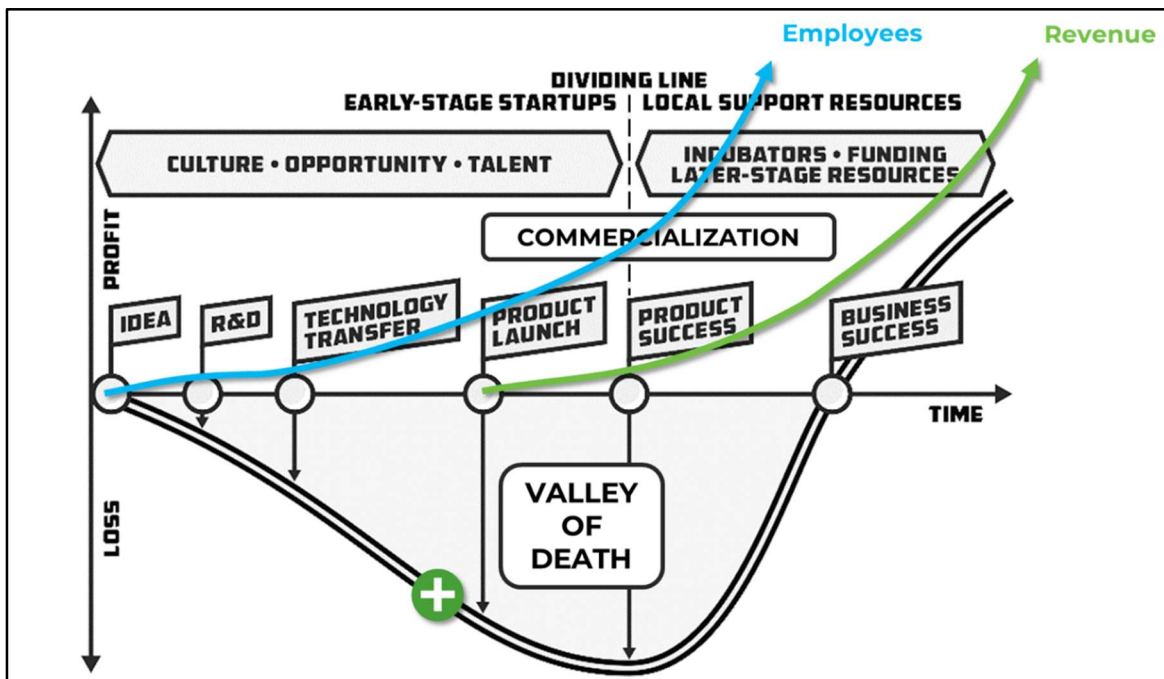


Image Credit — Courtesy of The Startup Valley of Death, Neverstop.Co

The Income Tax Benefit Transfer Program would be transformative for many companies like Ion Storage Systems. Allowing such companies to sell NOLs to profitable corporations would provide them with crucial access to cash at a critical juncture. In the case of Ion Storage Systems, it would enable us to:

- **Accelerate R&D:** Bring our cutting-edge battery technology to market faster, giving Maryland a competitive edge in the rapidly growing energy storage sector.

- **Scale local manufacturing:** Build out facilities in Maryland, creating high-quality jobs and boosting the state's economic growth.
- **Attract top talent:** Offer competitive compensation to draw the best minds to Maryland, establishing it as a hub for innovation.

In conclusion, the Income Tax Benefit Transfer Program would boost competitiveness for many companies that call Maryland home and complement many existing early state programs to continue fostering growth in the State. By providing early cash access, and speeding up technology development and commercialization, startups can generate revenues quicker and deliver higher investment returns. The Income Tax Benefit Transfer Program would enhance Maryland's top-tier research community, creating a unique ecosystem that attracts cutting-edge innovation, leading to job creation, long-term economic growth, and increased state tax revenue.

I respectfully urge you to consider the economic and technological benefits of the Income Tax Benefit Transfer Program in Bill 091, proposed by Senator Feldman. It is a defining, strategic investment in Maryland's future, empowering companies like Ion Storage Systems to drive innovation, create jobs, and solidify Maryland as a leader in the 21st-century economy.

ION is fortunate to have hosted multiple esteemed visitors such as Governor Wes Moore, Senator Brian Feldman, US Senator Chris Von Hollen, US Congressman Glenn Ivey, ARPA-E Director Evelyn Wang, University of Maryland President Darryll Pines, Maryland State Senator Jim Rosapepe, Maryland State Delegate David Fraser-Hidalgo, and many other Maryland state and local officials. I would like to invite members of the committee to visit us in Beltsville, MD to learn more about our amazing people and the transformational technology we are developing and bringing to market – right here in Maryland.



Image Credit — Courtesy of ION Storage Systems

Thank you for your time and consideration.

Most sincerely,

Jorge Diaz Schneider
CEO, Ion Storage Systems

B&T_SB0091_FAV_MCEC_2025_01_15.pdf

Uploaded by: Katherine Magruder

Position: FAV



I. Katherine Magruder
Executive Director
ikm@mdcleanenergy.org
301-314-6061

Maryland Clean Energy Center (MCEC) was created as a not-for-profit corporate instrumentality of state in 2008 through an act of the Maryland General Assembly.

MCEC focuses on an economic development mission to advance the adoption of clean energy and energy efficiency products, services, and technologies with associated jobs, wages, and tax revenue for Maryland. MCEC leverages private capital and private sector capabilities; facilitates the commercialization of innovative advanced energy technologies; implements climate justice initiatives, strives to reduce energy costs for consumers, and drives reductions in greenhouse gas emissions associated with the use of fossil fuels.

SB0091 – Economic Development - Income Tax Benefit Transfer Program - Establishment

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Recommendation: FAVORABLE REPORT

MCEC supports the intent and purpose of this legislation to address the funding challenges for early-stage companies developing clean energy technologies. The legislation provides resources that will accelerate commercialization, stimulate economic development, attract federal grants and investment capital while positioning Maryland as a leader in clean tech development.

MCEC launched the Maryland Energy Innovation Accelerator (MEIA) in November 2019 with a mission to create investible clean energy businesses capable of obtaining third party investment. Investment capital allows growth in operations and business. Since inception, MEIA has formed eight (8) companies, has supported more than fifty (50) startups that created 107 employment opportunities, obtained \$26M in third party capital investment, and enabled more than \$31M in grant and sponsorship revenue for the teams.

SB0091 aligns with the MEIA mission by providing potential funding to allow these companies to grow and stimulate economic development in Maryland.

MCEC urges a favorable report and thanks Chair Feldman for his leadership in sponsoring this legislation.

Testimony in support of SB0091 Economic Developmen

Uploaded by: Richard KAP Kaplowitz

Position: FAV

01/15/2025

Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON SB#/0091- POSITION: FAVORABLE

Economic Development - Income Tax Benefit Transfer Program – Establishment

TO: Chair Guzzone, Vice Chair Rosapepe, and members of the Budget & Taxation Committee

FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#/0091, Economic Development - Income Tax Benefit Transfer Program – Establishment

This bill will assist Maryland in becoming the Technology powerhouse of the American economy by establishing the Income Tax Benefit Transfer Program within the Department of Commerce to allow eligible technology companies in the State with unused amounts of net operating loss subtraction modifications will or income tax credits to transfer those tax benefits for use by other business taxpayers in the State to assist in funding expenses incurred by the eligible technology companies in connection with operations in the State. The Department of Commerce, in consultation with the Comptroller, will administer the Program.

This bill will add to the toolbox of things that Maryland can do for business funding for companies in Maryland. There is currently a selection of programs available. ¹ Everything that Maryland can do to grow business in Maryland has cascading effects on the overall state economy and what the state can do across the budget. It puts into concrete action the pledge of Governor Wes Moore “We have an obligation to use every tool at our disposal to make it easier to grow our economy”. ²

I respectfully urge this committee to return a favorable report on SB#/0091.

¹ <https://business.maryland.gov/resources/funding-programs>

² <https://governor.maryland.gov/priorities/pages/make-maryland-more-competitive.aspx>