



House Bill 498

Economic Development - Delivering Economic Competitiveness and Advancing Development Efforts (DECADE) Act

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Ways and Means and Appropriations
Committees

Date: March 4, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 498 **WITH AMENDMENTS**. This bill proposes a comprehensive restructuring of Maryland's economic development programs to centralize funding and policy decisions and shift priorities toward targeted industries.

While modernizing economic development is a worthy goal, economic growth is most effective when local and regional leaders help shape policies that reflect their communities' unique needs. Counties request amendments to preserve local flexibility, protect proven incentive programs, maintain meaningful input in funding decisions, and ensure workforce development strategies align with local and regional priorities.

Preserving Regional Flexibility in Economic Development

While the bill aims to update Maryland's approach, economic development strategies must remain adaptable to the distinct needs of each region. A centralized framework should not come at the expense of local expertise and flexibility, which are essential for fostering growth across diverse communities.

Maryland's economic landscape varies widely – what drives growth in Montgomery County or Baltimore City differs significantly from what fuels economic opportunity in Western Maryland or the Eastern Shore. Many counties depend on industries beyond the bill's focus on aerospace, defense, life sciences, and quantum computing. Sectors like advanced manufacturing, agriculture, hospitality, and logistics deserve meaningful support, not neglect.

Counties request amendments to ensure local economic development entities have the flexibility to prioritize industries that best support their local workforce and business communities rather than being narrowly constrained by centralized State priorities.

Protecting Critical Incentive Programs That Drive Growth

The bill proposes eliminating or phasing out proven economic development incentives, including the Enterprise Zone Tax Credit, One Maryland Tax Credit, and Job Creation Tax Credit. These programs have long served as essential tools to attract businesses and create jobs – particularly in distressed and rural communities.

Counties have relied on these programs to attract private investment, expand tax bases, and ensure long-term economic sustainability. Without equally effective replacements, the loss of these tools will leave many communities without viable means to remain competitive.

MACo urges amendments to either retain these incentives or replace them with equally effective mechanisms that ensure businesses continue investing in Maryland's most underserved areas.

Ensuring Local Input in State Economic Development Funding

This bill would reshape the Maryland Economic Development Assistance Fund (MEDAF), prioritizing funding for a narrower set of industries and consolidating decision-making within the Maryland Department of Commerce. Counties have long used MEDAF funding to support targeted economic initiatives, including infrastructure investments, small business growth, and workforce training.

Centralizing this authority reduces counties' ability to deploy resources where they are most needed and removes the flexibility necessary to respond to local economic shifts in real-time. County leaders – who work directly with businesses, economic development partners, and workforce boards – must have a direct voice in allocating these funds.

MACo urges amendments to preserve local input in MEDAF and similar funding programs, ensuring funding decisions reflect local economic conditions and priorities.

Aligning Workforce Development with Local Needs and Priorities

The bill introduces new workforce development initiatives but lacks precise mechanisms to ensure they align with real-world job demands in each region. Counties and workforce boards are on the front lines of connecting businesses with skilled employees – especially in high-demand fields like healthcare, logistics, and skilled trades.

State-led workforce programs must align with regional labor needs to ensure businesses can access skilled workers. Maryland risks funding training programs that fail to meet industry demands without strong local coordination.

MACo urges amendments to require stronger collaboration between the State and county workforce agencies to ensure investments in job training align with actual employer demand.

Conclusion

HB 498 takes an essential step toward modernizing Maryland's economic development strategy. However, counties must remain partners in this process – not merely recipients of State-determined priorities. To ensure effective, locally driven economic growth, MACo urges amendments to uphold local decision-making, sustain effective incentive programs, ensure county input in economic development funding, and align workforce initiatives with local and regional needs.

For these reasons, MACo requests a **FAVORABLE WITH AMENDMENTS** report for HB 498.