



Wes Moore | Governor
Aruna Miller | Lt. Governor
Harry Coker, Jr. | Acting Secretary of Commerce

DATE: March 4, 2025
BILL NO: House Bill 919
BILL TITLE: State Tax Credits, Exemptions, and Deductions - Alterations and Repeal
COMMITTEE: House Ways and Means
POSITION: **Statement of Information**

As the Committee reviews House Bill 919, Commerce would like to provide the following information to put this bill in context with what is proposed in House Bill 498 – The DECADE Act.

House Bill 919 would alter the termination dates of the Job Creation Tax Credit, the Opportunity Zone Enhancement Program, the Research and Development Tax Credit, the Biotechnology Investment Incentive Tax Credit, the Employer Security Clearances Costs Tax Credit, and the One Maryland Economic Development Tax Credit Program. The bill would also alter the eligibility for a certain tax credit for certain qualified vehicles, repeal a certain discount that a licensed dealer or licensed special fuel seller is allowed to deduct under the motor fuel tax, repeal certain sales and use tax exemptions for sales relating to the production of concrete and baked goods, previous metal bullion or coins, certain construction materials and warehousing equipment used in a target redevelopment area, and alter certain exemption from the tobacco tax for tobacco brought into the State by certain consumers.

Commerce appreciates that the existing economic development approach has been insufficient to utilize Maryland's resources and improve economic activities to an adequate level, and that there is a need to streamline programs to make them more attractive while eliminating others. As the State's primary economic development agency, Commerce has been working with the Governor's Office on HB 498 - the DECADE Act to alter and repeal several economic development programs also mentioned in HB 919. As proposed in HB 919, the DECADE Act would also repeal the Job Creation Tax Credit, the One Maryland Tax Credit, and the Employer Security Clearance Costs Tax Credit.

Regarding the Biotechnology Investment Incentive Tax Credit (BIITC) and the Opportunity Zones, the DECADE Act would standardize the enhanced credit in Opportunity Zones as the existing BIITC standard. It would also allow qualified technology businesses to serve as pass through entities for credits, thereby allowing out-of-state investors to make qualified investments without needing to file taxes in Maryland simply to receive the fundable credit. This will enhance the pitch for companies that seek to incentivize investments this way. Commerce estimates that in FY 2024, the BIITC program supported a total of 51 jobs, \$11.5 million in economic activity, and \$194,853 in State income and sales tax revenue. Commerce believes BIITC serves as a key program in Maryland's efforts to strengthen its position as a state with a strong biotech ecosystem.

Contrary to HB 919, the DECADE Act would extend the sunset for the Research and Development Tax Credit from June 30, 2027, to June 30, 2030. In FY 2024, roughly \$5.5 million in tax credits went to 95 companies in the Professional, Scientific, and Technical Services industry. An additional \$4.8 million in tax credits went to 46 companies in the manufacturing industry. The remaining \$1.7 million in tax credits were used by 44 companies in other industries throughout Maryland's economy. The program is well utilized and has been critical to Maryland's economic growth. In light of expected cuts in federal support, the R&D Tax Credit ensures that Maryland's businesses can continue critical research and development activities and that all Marylanders can benefit from that.