

**KRIS FAIR**  
*Legislative District 3*  
Frederick County

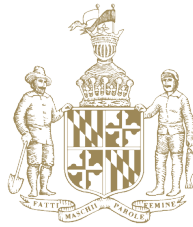
Government, Labor, and  
Elections Committee

*Subcommittees*

Chair, Election Law

Local Government/Bi-County  
Agencies and Administration

Chair, Maryland Legislative  
LGBTQ+ Caucus



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**THE MARYLAND HOUSE OF DELEGATES**  
**ANNAPOLIS, MARYLAND 21401**

The Honorable Kriselda Valderrama, Chair  
Economic Matters Committee  
Maryland House of Delegates  
6 Bladen Street, Room 230  
Annapolis, MD 21401

**SPONSOR TESTIMONY**

**HB 5: Community Development - Maryland New Markets Development Program - Establishment**

Chair Valderrama, Vice-Chair Charkoudian, and Esteemed Members of the Economic Matters Committee:

House Bill 5 proposes a carefully structured, performance-based tax credit designed to leverage private capital, strengthen Maryland's tax base, and promote sustainable economic growth in communities that have historically been underserved by traditional financing tools.

The Maryland New Markets Tax Credit program created by HB 5 is modeled on the federal New Markets Tax Credit, a program with more than twenty years of demonstrated success. Through the federal program alone, Maryland has attracted approximately \$1.3 billion in private investment, financed over 130 projects, and supported more than 15,000 permanent full-time jobs. Despite this track record, Maryland consistently ranks below many peer states on a per-capita basis in attracting NMTC capital—largely because those states have adopted complementary state programs that make projects more competitive for federal and private investment.

House Bill 5 is designed to correct that structural disadvantage.

From a tax policy perspective, this bill is disciplined and fiscally responsible. Credits are not issued unless private capital is raised. Credits are subject to strict deployment timelines, long-term investment requirements, and recapture provisions if those requirements are not met. There is no upfront cost to the State in the first three years of the program, and annual redemptions are capped and phased in over time, providing predictability and budgetary control.

HB 5 also reflects best practices from other states that have implemented similar programs. Independent evaluations consistently show that New Markets Tax Credit programs generate strong returns on public investment, often producing more in state and local tax revenue than the cost of the credit itself. By driving business expansion, job creation, and increased economic activity, these programs broaden the tax base rather than erode it.

Equally important, the bill ensures accountability. Only experienced, federally certified Community Development Entities may participate. Capital must be invested in qualified, for-profit Maryland small businesses located in low-income communities, and that capital must remain invested for at least six years. If these requirements are not met, the credits are subject to recapture, protecting the State's fiscal interests.

House Bill 5 is expected to generate approximately \$75 million in private investment every two years, supporting job creation and long-term economic stability in both urban and rural areas of Maryland. It does so by aligning state tax policy with private-sector incentives, ensuring that public resources are used efficiently and only in connection with measurable economic activity.

In short, HB 5 is a tax policy tool that is targeted, accountable, and designed to produce a net economic benefit for the State of Maryland. It strengthens our competitiveness, improves the performance of existing federal programs, and delivers a strong return for taxpayers.

For these reasons, I respectfully urge the Committee to issue a favorable report on House Bill 5.

Thank you,

A handwritten signature in blue ink that reads "Kris Fair". The signature is written in a cursive, flowing style.

Delegate Kris Fair  
District 3, Frederick County