



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 1256 – Angel Investor Tax Credit

For the record, I am Delegate LaToya Nkongolo representing District 31, and I respectfully request a favorable report on House Bill 1256.

It is no secret that Maryland is facing a financial crisis, with a budget increasingly dependent on higher fees and program cuts, yet lacking a clear strategy for sustainable revenue growth. House Bill 1256, the Angel Investor Tax Credit, offers a responsible and forward-thinking solution to address our growing state deficit.

We have been in communication with the local Chamber of Commerce, the Comptroller's Office, Kelly Schulz, and several technology companies to gather input and build broad-based support for this effort.

Approximately 30 states—including several of our neighboring states—have implemented some form of an angel investor tax credit. After consulting with legislators across the country, I learned that in many cases this type of legislation has helped transform state deficits into surpluses by stimulating economic growth, increasing business activity, strengthening the tax base, and even creating opportunities to reduce or eliminate certain taxes.

If we are serious about making Maryland affordable, retaining and attracting new and small businesses in Maryland, we must create an environment that encourages investment and innovation. The Angel Investor Tax Credit is a strategic step in that direction.

I would also note that, unlike the other angel investor bill being heard today, House Bill 1256 carries a \$2 million fiscal impact, compared to the \$25 million required under the other proposal. This makes HB 1256 a more fiscally responsible and targeted approach to economic growth.

This bill addresses the investment gap by incentivizing "Angel Investors". Angel Investors are local individuals who are willing to take a risk on Maryland startups. The bill offers a percentage-based credit against the State income tax for those who invest in qualified businesses. By offering a tax credit for investors, we ensure that

the next great Maryland-born innovation stays right here in Maryland, rather than moving to another State in search of early-stage funding.

This credit will drive significant job creation by focusing on companies with fewer than 50 employees. By targeting specific sectors like life sciences and info-tech, we are also protecting Maryland's economic security, diversifying our tax base, and ensuring our economy remains resilient against future downturns. This bill would incur minimal additional cost by utilizing our existing program infrastructure, while simultaneously fueling Maryland's economy and positioning us at the forefront of industry.

I ask for your support in keeping Maryland's innovation engine running, and I urge a favorable report on HB 1256.