



# POSITION STATEMENT

## TESTIMONY PRESENTED TO THE HOUSE WAYS & MEANS COMMITTEE

### HOUSE BILL 741 - BUSINESS AND ECONOMIC DEVELOPMENT – MARYLAND E-NOVATION INITIATIVE PROGRAM (ALSO SENATE BILL 601)

March 5, 2014

**DONALD C. FRY  
PRESIDENT & CEO  
GREATER BALTIMORE COMMITTEE**

#### **Position: Support**

The Greater Baltimore Committee (GBC) is an independent non-partisan regional business advocacy organization of more than 500 businesses—large, medium and small—educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford and Howard counties as well as Baltimore City. The GBC is a 59-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability. It is an organization that prides itself on advocating for changes in public policies that strengthen the business climate while improving the quality of life.

The Greater Baltimore Committee **supports** House Bill 741 - Business and Economic Development - Maryland E-Nnovation Initiative Program.

House Bill 741 establishes a Maryland E-Nnovation Initiative Program as well as a corresponding Program Fund and Program Fund Authority in the Department of Business and Economic Development (DBED). The Maryland E-Nnovation Initiative Program Fund Authority comprises the same membership as the Maryland Venture Fund Authority and its role is to advise and consult with DBED on the administration of the program. Insurance companies in Maryland who are liable for insurance premium taxes as well as holding companies with such subsidiaries may purchase credits against the insurance premium tax. Maryland corporations may also purchase credits against the corporate income tax. Collectively, these purchasers fund scientific and technical research at degree granting institutions of higher education that create research endowments to receive these matching funds as well as qualified donations.

The maximum amount of tax credits that DBED can issue is \$50 million: \$25 million for 2014 and an additional \$25 million for 2016. The purchaser's contributions must be the greater of 70% of the value of the credit they are requesting or an amount consistent with the market conditions as determined by a third party. The minimum credit is \$5 million. There will be a bidding process carried out by an independent third party.

**GREATER BALTIMORE COMMITTEE**

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The GBC recognizes that the State of Maryland is home to many industry sectors in the science and technology fields including cyber technology and the biosciences. The State is also home to world-class institutions of higher education. Strategies to capitalize on these inherent strengths, such as the major tax credits and investments seen in HB 741 will encourage cluster activity that will help to make Maryland more competitive.

The Greater Baltimore Committee published *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report that names eight core pillars for a competitive business environment and job growth. One of the pillars deals specifically with investments in industry growth:

**Strategic and effective state investments in business growth.** The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.

The Greater Baltimore Committee **requests a favorable report on House Bill 741.**