

**TESTIMONY PRESENTED TO THE HOUSE
WAYS AND MEANS COMMITTEE**

**HOUSE BILL 810 – ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT –
BUSINESS INCUBATORS**

**DONALD C. FRY
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GREATER BALTIMORE COMMITTEE**

POSITION: Support

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of 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 60-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 810 – One Maryland Economic Development Tax Credit – Business Incubators.

In their earliest stages of development, startup companies often face significant challenges. Developing business models, securing financing, and ensuring compliance requirements are met can be daunting tasks, particularly without a strong network of support.

Business incubators produce many benefits, not only to entrepreneurs but also to the communities in which they are located. For entrepreneurs struggling to launch new companies, incubators provide important amenities such as physical space, a network of other entrepreneurs, access to investors, trainings, and much more at a time when these companies are at high risk for failure. Incubators generally hatch more successful companies with research suggesting that 87 percent of businesses that were nurtured in an incubator survived, compared to only 44% of businesses that did not have incubator support. For the community in which they locate, business incubators often produce new businesses – 84 percent of companies that graduate from an incubator stay in that community.

House Bill 810 seeks to modernize an existing state economic development tool – the One Maryland Economic Development Tax Credit – to allow business incubators to also take advantage of this incentive. Currently, the program allows businesses a tax credit of up to \$500,000 of start up costs if the locate in certain areas of the state. While incubators house many startups, they are currently ineligible to receive the credit because they are unable to meet the threshold of 25 employees required for eligibility. House Bill 810 would allow incubators to aggregate the number of employees at all businesses within the incubator, allowing them to better meet the eligibility criteria.

This proposed legislation could provide a great opportunity for the areas of the state that are most in need of additional economic revenue by incentivizing the growth and creation of more business incubators, thereby creating jobs and helping to grow Maryland businesses.

For the reasons stated above, the Greater Baltimore Committee urges a favorable report of House Bill 810.