



POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

**HOUSE BILL 565 -- INCOME TAX - BUSINESS AND ECONOMIC DEVELOPMENT TAX CREDITS -
TERMINATION**

February 12, 2020

**DONALD C. FRY
PRESIDENT & CEO**

GREATER BALTIMORE COMMITTEE

Position: Oppose

House Bill 565 terminates or ceases the growth or expansion of many of the State of Maryland's economic development programs, including the Enterprise Zones, Regional Institution Strategic Enterprise Zones, One Maryland Economic Development Tax Credit, Opportunity Zone Enhancement Program, and the Maryland Biotechnology Investment Tax Credit.

The Greater Baltimore Committee (GBC) contends that preserving effective tax credits and incentives is a vital part of Maryland's ability to compete and ensure robust and inclusive economic development efforts around the State. Many of the economic development programs identified in House Bill 565 are important incentives for attracting and retaining businesses and jobs, particularly in Baltimore City or rural areas of the State. As an example, the Enterprise Zone program, which provides benefits to communities that have challenges related to job creation and economic growth, is often the only viable incentive in some regions of the State outside of Maryland's two major metropolitan areas.

In response to this proposal and a myriad of tax-related legislation pending this session in the Maryland General Assembly, the GBC advocates for the creation of a comprehensive tax commission to study a fair, equitable, and modernized system of taxation. Several bills to create a tax commission are currently pending. The GBC respectfully requests to be a formal member of any commission that may be created by the Maryland General Assembly. Based on need to examine Maryland's tax structure and the urgency for reliable revenue streams that fully fund education reform and other policy priorities, it is the right time for the creation of comprehensive tax commission.

This bill is inconsistent with a key tenet in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth:

Strategic and effective state investments in business growth. The state must commit to substantive strategic investments, leverage 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.

For these reasons, the Greater Baltimore Committee urges an unfavorable report on House Bill 565.

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 65-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.

GREATER BALTIMORE COMMITTEE

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