



MARYLAND STATE & D.C. AFL-CIO

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HB 278 – Economic Development – Job Creation Tax Credit – Qualified Position Senate Budget and Taxation Committee March 25, 2021

SUPPORT

**Donna S. Edwards
President
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Chairman and members of the Committee, thank you for the opportunity to provide testimony in support of HB 278 – Economic Development – Job Creation Tax Credit – Qualified Position. My name is Donna Edwards, President of the Maryland State and DC, AFL-CIO. On behalf of the 340,000 union members in the state of Maryland, I offer the following comments.

Businesses should be free to hire whomever they want and provide them with a salary and benefits commensurate with the law, and when businesses ask for taxpayers' money, Maryland Legislators should be free to decide that those tax dollars are giving us the highest return on our investment by creating family-sustaining jobs.

The Maryland taxpayer is an investor in businesses throughout the State. Through robust tax credits and exemptions, we support businesses with our tax dollars, deferring their costs and saddling workers with picking up some of the tab. And, like any investor, we expect a return on our investment. In the case of the Job Creation Tax Credit program, our expected return is the creation of good jobs. As it is currently structured, the Credit has only a few requirements: A qualified position must pay at least 120% of minimum wage - \$14.10/hour or \$22,560/year for a full time job – it must be located in the State, and it must be a newly created position as a result of expansion or the establishment of a business in Maryland.

This is not enough for us, as investors. If the intent of this Credit is to create good jobs with benefits, we have missed the mark. HB 278 corrects this by applying real requirements for these new jobs, creating a pathway for good jobs. Borrowing from the Clean Energy Jobs Act passed in the 2019 Session, HB 278 amends the definition of a “qualified position” to include: Career Advancement, the right to Collectively Bargain, Paid Leave, Unemployment Insurance and Workers' Compensation verification, Health Insurance, and Retirement Benefits. Additionally, it

increases the salary qualification from 120% to 150% of minimum wage, or if in the construction industry, it applies Prevailing Wage.

Our business tax credits should reflect our values. We should not be simply giving money away without demanding certain criteria are met. No other investor in a business operates this way, and neither should the State of Maryland. If we are committed to using Job Creation Tax Credit policy to strengthen and build our middle class, then it is imperative that we set a higher standard for businesses to access these resources. If we do not, then workers – the investors – are paying taxes to create low-quality jobs for other workers.

Businesses have every right to make hiring and salary decisions that they deem best for their business, and Maryland Legislators have every right to demand that any Job Creation Tax Credit dollars that businesses receive creates family-sustaining jobs and produces a good return on taxpayers' investments.

For these reasons, we urge a favorable report on HB 278.