

HB1086 - 03.25.21 (in Senate) Maryland Tax Credit

Uploaded by: Fry, Donald

Position: FAV



POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE BUDGET AND TAXATION COMMITTEE
HOUSE BILL 1086 – MARYLAND TAX CREDIT EVALUATION ACT - ALTERATIONS
Sponsor – Delegate Kaiser

March 25, 2021

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

Position: Support

The Greater Baltimore Committee (GBC) supports House Bill 1086 which makes several changes to the Maryland Tax Credit Evaluation Act, including a requirement that within one year after the enactment of a State income tax credit, a unit of State government must report to the Senate Budget and Taxation Committee and the House Ways and Means Committee the measures that have been taken to implement the tax credit.

HB 1086 makes a number of changes to the existing Tax Credit Evaluation Act including:

- Alters the name of the program to the Tax Expenditure Evaluation Act
- Eliminates the existing legislative committee charged with conducting evaluations and requires the Department of Legislative Services to conduct the evaluations
- Adds to the purpose of the Act the evaluation of tax exemptions and preferences in addition to tax credits
- Requires that every tax credit, exemption and preference with a fiscal impact exceeding \$5 million annually be reviewed and evaluated at least once every ten years
- Allows the Senate Budget and Taxation Committee and the Ways and Means Committee to request an evaluation of a tax credit, exemption, or preference or an aspect of a tax credit, exemption, or preference

House Bill 1086 also gives the Department of Legislative Services a number of items to examine in each evaluation report, including whether or not the credit, exemption, or preference is meeting its objectives, the costs of the tax credit, exemption, or preference, and a recommendation as to whether it should be continued, with or without changes, or terminated.

The GBC contends that preserving effective tax credits and incentives is a vital part of Maryland's ability to compete for the attraction and retention of jobs and to maintain inclusive economic development efforts around the State. The state's minor investment in these programs, less than one-half of 1%, of the total state budget, serves to leverage millions of dollars of private sector investment. The regular evaluation of these programs can only serve to strengthen effective programs and provide an opportunity to terminate or alter ineffective programs and allow resources to be redirected toward effective tax credits, exemptions, and preference programs.

This bill is consistent with one of the key tenets 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 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 investments in industry growth.

For these reasons, the Greater Baltimore Committee urges a favorable report on House Bill 1086.

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 66-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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