



John Hartline, Chairman

50 Harry S. Truman Parkway • Annapolis, MD 21401
Office: 410-841-5772 • Fax: 410-841-5987 • TTY: 800-735-2258
Email: rmc.mda@maryland.gov
Website: www.rural.maryland.gov
Charlotte Davis, Executive Director

Testimony in Support of
House Bill 360 - Income Tax - Angel Investor Tax Credit Program
Before Ways and Means Committee
January 21, 2021

The Rural Maryland Council **supports** House Bill 360 – Income Tax – Angel Investor Tax Credit Program. This bill creates a nonrefundable tax credit against the State income tax for investors who make qualified investments in Maryland innovation businesses. The credit is equal to 50% of the qualified investment, not to exceed \$50,000 for an individual or \$100,000 for married couples that file a joint return or a pass-through entity. The taxpayer can carry forward any unused credit for up to four succeeding tax years. The total amount of tax credit certificates issued by the Department of Commerce (Commerce) in each fiscal year cannot exceed the amount appropriated to the reserve fund in the State budget. The General Assembly’s intent is that the Governor appropriate at least \$5.0 million to the reserve fund in each year and that any money not expended within the fiscal year, roll over into the next fiscal year.

In 2017, the Rural Maryland Foundation partnered with the Center for Rural Entrepreneurship to conduct a Transfer of Wealth Study (TOW). The Center for Rural Entrepreneurship’s 2017 Transfer of Wealth Opportunity Analysis for the Rural Maryland Region has produced the following findings:

- 2016 Household Current Net Worth - \$530 Billion
- 10-year (2017-2026) TOW Opportunity - \$64 Billion
- 50-year (2017-2066) TOW Opportunity - \$703 Billion

Acting aggressively on the 10-year TOW opportunity and achieving a five percent giving goal, the State and its communities would realize the following:

- 10-Year Opportunity – \$64.1 Billion Transferring between 2017-2026
- 5% Giving Goal Realized – \$3.2 Billion in New Community Endowments
- 5% Sustained Annual Payout – \$160 Million a year in Perpetual Grant Making

The Income Tax – Angel Investor Tax Credit will have a meaningful impact on the revitalization of small and emerging innovative businesses throughout the State and will offer a powerful incentive to strengthen local economies and increase employment opportunities in the hardest hit regions of Maryland.

The Council respectfully requests your favorable support of HB0360.

The RMC is an independent state agency that is governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county, and municipal governments, as well as the for-profit and nonprofit sectors. Its mission is to bring together federal, state, county, and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

“A Collective Voice for Rural Maryland”