



LEGISLATIVE POSITION:

Unfavorable

House Bill 278

Economic Development – Job Creation Tax Credit – Qualified Position

House Ways and Means Committee

Thursday, January 14, 2021

Dear Chairwoman Kaiser and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees and families.

HB 278 alters the definition of “qualified position” under the Economic Development Article as it relates to eligibility for the job creation tax credit program. The new definition of “qualified position” includes an increased requirement for the payment of the minimum wage and seven new requirements an employer must meet by providing certain benefits to the employee for the position to qualify under the new definition.

The newly introduced requirement outlined in HB 278 that an employer must pay 150% of the state minimum wage alters the current requirement to pay 120% of the minimum wage, which would create a conflict with other tax incentive programs which cite a similar wage payment requirement. Having two different wage payment requirements over multiple programs, but that may cite a qualifying position requirement, creates confusion and uncertainty – disincentivizing the use of economic development programs.

Additionally, many of the new benefits an employer must provide the employee for the position to meet the new definition are vague and create additional cost and administrative burden. For example, new requirements that an employer must provide “career advancement training”, “fair scheduling”, and employer-provided health insurance benefits with “affordable deductibles and copayments” are vague and undefined. To go further, new requirements that an employer must provide employees the “right to collectively bargain”, “offers employer-provided health insurance benefits”, and “offer retirement benefits” are all items which create additional cost and administrative burdens on newly formed businesses which these programs are designed to encourage.

Simply put, HB 278 makes it extremely difficult to create “qualified positions” which are counted for the purposes of tax credit eligibility, therefore, making it more difficult to qualify for Maryland’s incentive programs. This will cause Maryland’s economic development incentives to become underutilized, defeating their purpose. For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on House Bill 278.

