

HB 278 - Job Creation Tax Credit - Qualified Posit

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January 12, 2021

The Honorable Anne R. Kaiser, Chair
Ways and Means Committee
House Office Building, Room 131
Annapolis, MD 21401

Oppose: HB 278 Economic Development – Job Creation Tax Credit – Qualified Position

Dear Chair, Kaiser and Committee Members:

The NAIOP Maryland Chapters, representing more than 700 companies that develop, and own commercial, industrial and mixed-use real estate oppose HB 278.

NAIOP member companies generally do not utilize the job creation tax credit but businesses that occupy our buildings sometimes do.

It is our experience that economic development incentives influence location decisions made by out of state companies and relocation within Maryland.

While we understand that there may be concerns about the quality of jobs created by this tax credit, we believe reform of economic development incentives should be comprehensive and coordinated with other policy actions.

NAIOP is concerned that HB 278's requirements for a qualified position will serve as a disincentive to job creation at a time when every job opportunity should be cultivated.

For these reasons, NAIOP respectfully requests your unfavorable report on House Bill 278.

Sincerely,

Tom Ballentine, Vice President for Policy
NAIOP Maryland Chapters -*The Association for Commercial Real Estate*

cc: House Ways and Means Committee Members
Nick Manis – Manis, Canning Assoc.

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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.

