



## Senate Bill 796

### *Economic Development - County Economic Development Tax Incentives Program and One Maryland Tax Credit*

MACo Position: **SUPPORT**  
**WITH AMENDMENTS**

Date: March 7, 2017

To: Budget & Taxation Committee

From: Barbara Zektick

The Maryland Association of Counties (MACo) **SUPPORTS SB 796 WITH AMENDMENTS**. This bill establishes the County Economic Development Tax Incentives Program to encourage businesses to locate and expand in several jurisdictions suffering economic stresses.

Local governments, just as the State, have a vested interest in economic development. Local economic growth creates jobs and increases salaries, expanding the tax base both locally and statewide. SB 796 establishes a program with this goal in mind. The program would provide both state and local tax exemptions and offsets in the aforementioned counties over a ten-year time frame as an incentive for businesses to locate in those jurisdictions. MACo appreciates the goals of the program, and the fact that the bill provides counties with the option to elect to provide property tax credits on a case-by-case basis. However, counties have concerns about restricting jurisdictions from participation, and have concerns that the program could result in businesses relocating inside the state. To address these concerns, MACo suggests the following amendments:

#### **Expand Program Participation to “Distressed Areas” In Any Jurisdiction**

Economic growth, regardless of the region of the state, has statewide benefits. Instead of limiting participation, program criteria should enable all local jurisdictions to participate. However, counties appreciate that incentives should be targeted in areas experiencing distress or otherwise necessitating investment. As such, MACo supports efforts to ensure that benefits under the program are provided in areas targeted for economic investment, as identified by the Department of Commerce in consultation with county governments. Expanding applicability of this program to all counties could lead to a need for varied job creation metrics depending on the density of the region. As such, MACo would support amendments which permit the Department of Commerce to set higher employee hiring thresholds in some counties, as determined most appropriate give their density.

#### **Limit the Tax Incentives to Businesses Newly Moving Into or Expanding Within the State**

The special incentives provided by this program are potentially lucrative, and could result in businesses relocating from one part of the state to another. To prohibit this from occurring, the program should apply only to businesses newly locating into Maryland, or to those launching substantial expansions in the state – not to those who may relocate intrastate.

For these reasons, MACo would urge the Committee to give SB 796 a **FAVORABLE WITH AMENDMENTS** report.