



Senate Bill 843 and House Bill 1255

Tax Credits – Evaluations and Sunset Provisions

MACo Position: **SUPPORT**
WITH AMENDMENTS

Date: March 2, 2016

To: Senate Budget and Taxation Committee
House Ways and Means Committee

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** SB 844 and HB 1251 **WITH AMENDMENTS**. Among other requirements, this bill would repeal the property tax credit components of the Enterprise Zone (EZ) and Regional Institution Strategic Enterprise (RISE) tax credit programs. Local governments believe the property tax credits offered by these programs are extremely effective and would urge the Committees to keep them intact.

Local governments, just as the State, have a vested interest in economic development. Local economic growth creates jobs and increases salaries, which in turn expands the tax base both locally and statewide. Therefore, state and local governments must work in partnership on these efforts. Only through a concerted, cooperative effort can we ensure buy-in from all stakeholders to achieve our economic goals.

The EZ and RISE tax credit programs are examples of these collaborative efforts. Both programs bring together State and local resources to encourage economic growth and create jobs. The EZ program was established in 1982 and has been an effective tool for local economic development directors when recruiting new businesses. Many believe businesses would not have located in their jurisdictions if it were not for the property tax credits provided to the business.

The RISE program was established in 2014, and although only one designation has been approved so far, the proximity of these zones to higher education institutions will foster economic development and revitalization in communities across the state. The property tax component plays an integral role in this program as well.

MACo is aware that the Maryland Economic Development and Business Climate Commission examined the tax credit programs offered by the State and made several recommendations regarding the number and the difficulty in determining the effectiveness of the programs. However, local economic development directors - those who are on the ground working directly with businesses - have found these property tax credits to be extremely effective in recruiting businesses to their jurisdictions. Economic development directors are concerned that without these components, the programs would lose their appeal, affecting their ability to attract businesses. Therefore, MACo would respectfully request that SB 843 and HB 1255 be amended to strike Section 6 on page 9 of the bill, the section which repeals these property tax credit programs.

MACo urges the Committees to vote SB 843 and HB 1255 **FAVORABLE WITH AMENDMENTS** to continue the property tax credit components of the EZ and RISE tax credit programs.