



February 22, 2019

Delegate Anne R. Kaiser, Chair
House Ways and Means Committee
Room 131
House Office Building
6 Bladen Street
Annapolis, Maryland 21401

Re: HB 0819 - St. Mary's County - County Income Tax - Credit for Employees of Targeted Businesses

I am writing in support of House Bill 819, "St. Mary's County Income Tax Credit for Employees of Targeted Businesses." We believe that this legislation will be an important part of future economic development strategy to build an innovation driven economy.

St. Mary's County's economy is dominated by the Naval Air Station Patuxent River, with an estimate of 75% of our economy tied in some way to the base. The need to diversify our economy is great. In 2017, St. Mary's County adopted a "Strategic Plan to Build an Innovation Driven Economy." This document talks about the need to create an environment where new technology start-up companies can form.

The fact that St. Mary's sits on a peninsula makes attracting new businesses more of a challenge than other areas. St. Mary's must grow our economy by both attracting and retaining start-up businesses if we are to have a strong and resilient economy. This proposed tool will be one way to help us accomplish our goal.

Start-up firms are very cost conscious as they attempt to build up their business. They are continually looking for capital investment and cost savings. This incentive will provide a direct return of tax dollars to the individual workers. This will not only help them save dollars but will be a strong employee retention and attraction tool for businesses. The income tax credit will only be on County taxes paid, so there will be no impact to State revenues.

This tax incentive differs from others in that it is a reduction in income tax, not property tax. This is intentional as start-up firms typically do not own any property. Rather, they usually lease space and therefore pay no property taxes. All workers, however, pay income tax, so this bill will allow the County to return a portion of County income taxes

paid. We anticipate that this incentive will not only help the continued growth of small firms, but will help attract new start-ups to our area.

I ask that you support this bill to allow St. Mary's County to continue to strengthen its economy.

Sincerely,



Chris Kaselemis
Director
Department of Economic Development
St. Mary's County

cc: Dr. Rebecca Bridgett, County Administrator