

Greater Baltimore Committee 2007 Legislative Agenda




MARYLAND STATE HOUSE
BUILT 1772-1779
CAPITOL OF THE UNITED STATES
NOVEMBER 26, 1783 - AUGUST 13, 1784
IN THIS STATE HOUSE, OLDEST IN THE NATION STILL
IN LEGISLATIVE USE, GENERAL GEORGE WASHINGTON
RESIGNED HIS COMMISSION BEFORE THE CONTINENTAL
CONGRESS DECEMBER 23, 1783. HERE, JANUARY 14, 1784,
CONGRESS RATIFIED THE TREATY OF PARIS TO END THE
REVOLUTIONARY WAR AND, MAY 7, 1794, APPOINTED
THOMAS JEFFERSON MINISTER PLENIPOTENTIARY. FROM
HERE, SEPTEMBER 14, 1786, THE ANNAPOLIS CONVENTION
ISSUED THE CALL TO THE STATES THAT LED TO THE
CONSTITUTIONAL CONVENTION.
A REGISTERED NATIONAL HISTORIC LANDMARK
MARYLAND HISTORICAL SOCIETY



Regional business leaders creating a better tomorrow ... today.

ECONOMIC DEVELOPMENT AND JOB CREATION

The Greater Baltimore Committee strongly believes that the Governor and General Assembly must commit to economic development, and send a clear message that the State of Maryland is open for business and that the business leaders of the state have access to government leaders and elected officials.

Eminent Domain: During the 2006 legislative session, the Greater Baltimore Committee opposed legislation that would have hindered the economic development of cities, towns and municipalities that effectively and judiciously use eminent domain for economic development. Eminent domain as it has been applied in Maryland is a sound government policy that has been effectively used not only in the traditional taking of rights of way for roads, schools and public works projects, but also to allow government to take proactive steps to redevelop neighborhoods and curb blight in sections of cities and towns. Many innovative projects in the central Maryland region's history, such as the Charles Center and Inner Harbor redevelopment projects, would not have occurred without eminent domain authority.

In Baltimore City, the use of eminent domain has been critical to its economic growth and progress, and eminent domain power has been invoked sparingly and judiciously. Condemnation has been used as a last resort; fair compensation, often in excess of statutory requirements, has been paid; and significant projects that have provided a public benefit have been built. Major safeguards are in place to ensure that the City's condemnation authority will not be abused.

The Greater Baltimore Committee believes that it is in the best interest of the state of Maryland, and the cities, counties and municipalities that are the backbone of the state, to retain eminent domain authority as it has been used for the past century. **The GBC opposes** both a constitutional amendment that prohibits the use of eminent domain for economic development purposes, and any legislative actions that unreasonably restrict or inhibit a municipality's ability to use eminent domain for economic development and to curb urban blight.

Minority and Women-Owned Business Development: Bridging the Gap, one of the three top strategic initiatives of the Greater Baltimore Committee, is designed to evolve the business culture of greater Baltimore by developing and fostering relationships between majority and minority and women-owned businesses. A report commissioned by the GBC as part of this initiative indicated that the Baltimore region could add more than \$5 billion in annual sales and create 32,000 jobs if the number of minority and women-owned businesses relative to the population of the Baltimore region were in proportion to other regions of its size. According to the report, the Baltimore region could support 42,935 minority-owned businesses and 63,612 women-owned businesses employing one or more people. There are currently 29,194 minority-owned businesses in the region and 58,576 women-owned businesses creating shortfalls of 13,741 and 5,036 respectively.

The Governor and General Assembly must focus considerable attention on the business sectors that provide the greatest potential for future long-term growth. One of the fastest growing business segments of the economy is minority business ownership. As the GBC report outlines, Maryland has not seen the growth in that segment of the economy that many other states have enjoyed. Maryland should not lag behind in minority business ownership and should take all steps necessary to provide minority business opportunities.

The GBC will support legislative efforts designed to foster economic growth for minority and women-owned businesses, recognizing the surge of profitability and job growth that would occur through efforts to grow these businesses.

Economic Development through the Use of Tax Credits

- Biotechnology Investment Tax Credit: In 2005 the General Assembly passed legislation that created a tax credit for investments made in a biotechnology or venture capital company. Although the legislation passed, no predictable funding mechanism was included with the program. Other minor changes to the legislation are also needed. However, during the 2006 session the legislature chose not to adjust this tax credit. The GBC has identified support for life sciences investment as one of its three top priorities. Tax credits are sound investment tools used to spur economic growth in new and emerging technologies and businesses. However, a defined funding source is critical for companies to take advantage of the program.

The GBC strongly supports dedicating \$20 million in the budget for this program and reviewing the administration of this tax credit to ensure that qualified businesses are able to utilize this important economic development tool.

- Research and Development Tax Credit: The R&D tax credit, capped at \$6 million per year, was reinstated during the 2005 session. The R&D tax credit is an important tool to attract and retain technology, manufacturing and other businesses in Maryland. Technological innovation is a major factor that drives economic growth. Research shows that high-tech jobs often pay 75 percent more than non-high-tech jobs. States are quick to compete for such businesses. At least 34 states have their own versions of the R&D credit, with many states offering a "piggy-back" credit on the amount of a firm's research expenditures that qualify for the federal R&D credit. In 2005, Pennsylvania raised the cap on its credit to \$30 million per year.

The Maryland legislation initially recommended a doubling of the credit to \$12 million per year. However, given the challenges in competing with our neighboring states, who have R&D tax credits more than three times the Maryland amount, the GBC urges the adoption of legislation this session that **raises the credit cap from \$6 to \$15 million.**

- Heritage Structure Rehabilitation Tax Credit: In 2004 this tax credit was reinstated, however significant changes were made to the law that negatively affected jurisdictions such as Baltimore City, which have effectively used the tax credit. The total cap for the commercial tax credit was increased to \$25 million. However, tax credits awarded to projects in any county or Baltimore City may use no more than 50 percent of the total credit amount available. These changes place additional hurdles on developers wishing to rehabilitate historic structures. When the tax credits were awarded in 2006, many projects in Baltimore City were denied the credit due to the 50 percent rule even though those projects scored higher than projects in other jurisdictions that were awarded the credit. In fact, over \$10 million was left on the table after all credits were awarded -- money that no other jurisdiction, including Baltimore, could access for tax credits that year.

The GBC supports legislation to remove this restriction on jurisdictions such as Baltimore City that are unfairly penalized.

- Research Park Tax Credit: The life sciences industry continues its strong growth not only in the Baltimore region, but also across the state. Almost every county has received significant economic development opportunities from this successful industry.

Last session, the GBC initiated legislation that would have provided a \$4 million tax credit for technology businesses that locate at research parks affiliated with institutions of higher education in Maryland. **The GBC plans to continue to push for this groundbreaking legislation.**

Tourism and Convention Center Funding: The Greater Baltimore Committee has long recognized and promoted the tourism industry in the region and statewide. In 2004, the GBC conducted a summit on tourism in the region, which showed that the tourism industry is one of the top three economic engines in Greater Baltimore. Despite its positive economic impact, State support for tourism has been significantly reduced in recent years. The GBC urges the General Assembly to work with local economic development and tourism officials to ensure that the state maximizes its investments in tourism.

In addition, current law requires the state to support certain operating deficits at three of the state-assisted convention centers – Baltimore, Montgomery and Ocean City. In 2008, the state’s partnership with the city in offsetting the Baltimore Convention Center’s operating deficit expires. The GBC has conducted research that shows that most convention centers in the country operate at a loss and no convention center is self-supporting. Many states fund their convention center operations through hotel taxes. The GBC research also shows that some states additionally fund their convention centers through ancillary assessments related to the tourism industry – for example, states such as Hawaii fund their convention center operations through a local rental car tax.

The GBC strongly supports that the state continue to offset convention center operations statewide, recognizing the enormous tourism economic benefits the region and state receive.

LIFE SCIENCES DEVELOPMENT

Life Sciences Funding: Another of the Greater Baltimore Committee's top initiatives is to support the continued growth of the life sciences industry regionally and statewide. The Baltimore region is becoming a bioscience powerhouse. With more than 60 federal agencies and research labs within 30 miles, the region is also home to major research universities such as the Johns Hopkins University and the University of Maryland at Baltimore. Rich in assets that have attracted bioscience companies to the area, the region already boasts one successful biopark in operation, a second partially built, and a third ready to start construction.

The development of life sciences parks on the east and west sides of Baltimore serve also as community revitalization projects and provide the impetus to transform challenged and neglected sections of the city. It is critical for the Governor and General Assembly to lead the efforts to not only continue the needed federal and state dollars necessary to develop the life sciences industry, but also commit to leading the region and the state in translating the research into economic development for the state and propel Maryland as the leader in life sciences development.

The GBC supports the continued State investment in these economic development institutions and urges the state to recognize the business opportunities for the region and the state that these parks represent. This action would be greatly enhanced with the passage of GBC-initiated legislation that would **provide a new tax credit for businesses locating at research parks affiliated with institutions of higher education** (SB 739/HB 1139 of 2006), and increased funding for stem cell research (\$20 million allocated for FY 2007).

Nanotech-Biotech Initiative: Nanotechnology involves manufacturing products made of components the size of atoms and molecules, and medical applications are expected in areas such as drug delivery and gene therapy. The State budget includes \$6 million for a biotechnology investment tax credit that was established in 2005. In addition, nano-biotechnology funding receives \$2.5 million to be allocated to University System of Maryland institutions. Nanotechnology will change the way we create and use materials, chemicals, machines, computers, diagnostic and therapeutic products, environmental systems, and even the systems that drive our national security and homeland defense through micro-surveillance and bio-detection systems.

The GBC strongly supports this next phase of capitalizing on our investment in life sciences through this new initiative.

BASE REALIGNMENT AND CLOSURE (BRAC)

The federal government recently completed its review process as to which military operations would be consolidated throughout the country, and the Baltimore region will be the recipient of tens of thousands of additional military and civilian employees at Aberdeen Proving Ground in Harford County and Ft. Meade in Anne Arundel County. In addition to the jobs that the region will receive, the entire region is expected to benefit from the housing and other itinerant needs of the population. While this is an extraordinary economic development opportunity for the region and the state, many policy issues such as land use and transportation decisions will need to be addressed on both the state and local levels.

The Greater Baltimore Committee is the lead organization in the region that will address the implementation of the public policy initiatives that come with the BRAC process. Many concerns have already been raised regarding housing availability, transportation infrastructure, educational opportunities, water and sewer infrastructure, and other issues. Already the Greater Baltimore region has begun coordinating transportation priorities through the GBC. It is vital that the state begin to structure an expedited processes designed to accelerate planning and development so that the region and the state is prepared to receive the influx of jobs and personnel associated with BRAC.

The GBC therefore proposes the following to assist the legislature in coordinating the multiple regional development challenges associated with BRAC:

- **Execute an Executive Order** directing all state agencies to create a streamlined planning and permitting process to expedite planning and project approval of BRAC related projects. The Executive Order should specifically direct the Maryland Department of Transportation to develop systems and processes that would “fast track” the approval and construction of transportation infrastructure projects needed to meet the demands of BRAC, and systems and processes to address the regional housing needs of BRAC.
- **Create a Legislative Commission on BRAC** consisting of representatives from each standing committee that has as its jurisdiction a BRAC-related issue.
- **Create a line item in the state’s general fund operating budget** for the appropriation of funds necessary to implement BRAC related projects.
- **Immediately update the Consolidated Transportation Plan (CTP)** to fully integrate the road and transit projects that are needed to address the significant increased population and job growth resulting from BRAC and the additional demand on the regional transportation infrastructure.
- **Determine the necessary funds needed for the updated CTP** and develop a financial plan for the increased funding needed to support the revised CTP.

REGIONAL TRANSPORTATION AND MOBILITY

Baltimore Regional Transit Plan: The state has continued its investment in the planning and design phases of the first stage of the Baltimore Regional Transit Plan, the construction of the proposed east-west Red Line from Woodlawn to Fells Point and to begin planning an extension of the existing Metro Green Line. This continued funding schedule places the Red Line project toward an initial construction date in 2010. This plan would provide a highly efficient and cost effective transit network in the Central Maryland region. However, the GBC remains concerned that the transit needs of this region will again take a back seat to other transit needs in the Washington region. The citizens of the Greater Baltimore region deserve a mass transit system that is comparable to that of the Washington suburban jurisdictions. The GBC urges the General Assembly to commit the political resources and state matching funds necessary to ensure completion of this vital system. **The GBC supports:**

- **Continuing to fully fund** the planning, design and construction of the Red Line from Baltimore County through downtown Baltimore and to Southeast Baltimore.
- **Initiating planning** for the Green Line extension from Johns Hopkins Hospital to Morgan State University and to eastern Baltimore County.
- **Advocating for cost-effective connections between Baltimore and Washington D.C.**, including increased MARC commuter and Amtrak service, and continued study of a Maglev system.

Transportation Trust Fund: The GBC recognizes that transportation funding has become a difficult conundrum for states over the past few years. The Transportation Trust Fund is credited with taxes, fees, charges, bond proceeds, federal grants, and other receipts of the Maryland Department of Transportation and is financed through the gas tax, titling and registration fees, federal aid and a portion of the state's corporate income tax. Although the fund was increased in 2003 through an increase in the registration and titling fees, the gas tax, the most significant portion of the revenue stream, has not been raised in over a decade. The result of that inaction, combined with the rising cost of transportation projects and system maintenance, is that the fund expenses are growing faster than revenues.

The GBC has long supported and urges the establishment of a blue-ribbon transportation funding commission panel to carefully study the state's transportation funding policy. Among the issues it could consider are whether current funding is sufficient to provide for operations, maintenance, and expansion; whether additional sources of transportation funding should be identified; and how each region in the state is faring under the current approach.

We recognize that the General Assembly passed and the Governor signed legislation establishing a transit-funding panel during the 2006 legislative session. Unfortunately, that panel is composed solely of elected officials and government agency representatives.

It is critical that the legislature enlist the support of business executives to participate actively and to be a part of any transportation study panel.

Other regional transportation efforts the GBC supports include:

- **Completing the Final Environmental Impact Statement for the Maglev program** in order to serve as a placeholder for federal interest in establishing Maglev in the region and **amending the current state law that prohibits the expenditure of federal and state government funding on Maglev.**
- **Continuing efforts to restructure the bus system** in the Baltimore region, with input from businesses and the communities affected by this process.
- **Continuing strong State fiscal support for BWI-Thurgood Marshall Airport and the Port of Baltimore** to ensure that they remain first class transportation venues for international trade and travel.

HEALTH CARE

GBC Access to Health Care Proposal: During the past legislative sessions, much attention has been paid to various proposals designed to increase access to health care for the uninsured. Chief among these proposals was the so-called “Wal-Mart” bill, which mandated that employers pay a certain percentage of their payroll into health care or be forced to pay into a State fund. As that proposal is now before the courts, the Greater Baltimore Committee’s Health Care Committee, during the interim, explored various issues related to the affordability and accessibility of health insurance. With enactment of significant health care reform legislation in Vermont and Massachusetts earlier this year, there will likely be a concerted push for similar reforms during the upcoming session. Further, with a new Governor and numerous changes in the legislature, there may be a strong impetus to enact even more dramatic legislation providing universal coverage. While the intent is laudable, the potential for unintended consequences or a legislative stalemate is substantial. The GBC believes it is imperative that the business community come forward now with its own proactive recommendation for addressing the problem.

The GBC’s Access to Health Care Plan consists of the following:

- **Expand the eligibility for Maryland’s Medicaid program** to individuals from the current 46 percent of the Federal Poverty Level (FPL) to 100 percent FPL, phased in over two years – 75 percent FPL in FY-08, 100 percent in FY-’09.
- **Mandate that individuals earning more than 300 percent FPL secure health insurance** or lose their personal exemption on their Maryland income tax return. (phased in over five years, beginning at 500 percent FPL in ’07-’08, then 400 percent FPL in ’09-’10, then 300 percent FPL in ’11).
- **Enable more employers to take advantage of the State limited health benefits program (LBHP)**, with protections that would ensure that employers cannot drop

existing coverage, by: (1) Eliminating limits on participating businesses and making LBHP available to companies with at least 30 percent of their employees earning \$35,000 or less annually; (2) Incorporating a catastrophic coverage plan into LBHP after a high deductible has been met; and (3) Providing sliding scale subsidies to employers for employees who do not have or cannot afford insurance to purchase LBHP coverage.

- **Offer a tax credit for employers** offering effective health risk assessments or other wellness programs.
- **Create a case management program** to improve wellness outcomes for State employees with chronic health conditions.
- **Market the availability** of these affordable product options.
- **Increase by \$1.00 Maryland's tax on tobacco products**, with the \$211 million in new revenues committed to increasing access and affordability of health care coverage. This revenue source is the most expedient and politically acceptable at this time, however, if the Governor and General Assembly are not inclined to pursue this source, the GBC would support a restructuring of the Department of Health and Mental Hygiene's public health care programs to find appropriate cost savings.

Stem Cell Research: Last session the General Assembly passed and the Governor signed legislation creating the Maryland Stem Cell Research Fund and a Stem Cell Research Commission in the Maryland Technology Development Corporation (TEDCO). The TEDCO budget includes \$15 million for stem cell research.

The GBC recognizes this financial commitment; however, the state must ensure that it is poised as the leader in life sciences development and must demonstrate support for this leading-edge research that is capable of solving some of the greatest health care problems in the world.

The state **should increase funding** for this extraordinary program during the next term.

EDUCATION

Teachers' Incentive Tax Credit: This region, like most jurisdictions in the state, has suffered from a lack of a qualified teacher pool in subject areas such as math and science. Studies have shown that in many cases science, math, and technology teachers can get more money in the private sector and that the difficulty of teaching in the inner city schools plays a significant role in the teacher shortage.

Last session, the GBC initiated legislation (SB 742 of 2006) that would have provided tax credits for teachers who commit to teach for a number of years in jurisdictions with challenged schools or in the math and science fields. **The GBC will again support** that legislation in 2007.

Higher Education Funding: Our higher education system is the single critical component of business development, for it is this system that provides a highly skilled, highly

educated workforce needed to meet the employment requirements of businesses in the region and the state. The GBC, in conjunction with other business organizations, will **continue to make the business case for support** of our public higher education system in Maryland.

PUBLIC SAFETY

Drug Treatment Funding: As more data is collected regarding drug treatment and incarceration rates, recidivism, and other public safety issues, it is clear that providing adequate drug treatment reduces criminal activity. More than 85 percent of those incarcerated are in jail as a result of criminal activity associated with a substance abuse problem. The GBC Health Care and Public Safety and Legal Affairs committees have both identified drug treatment funding as a priority for this region's health and welfare. The GBC has met with legislative leaders who are committed to not only increasing funding for drug treatment, but also increasing the number of drug treatment slots.

The GBC continues to support the Governor and General Assembly's efforts in providing increased funding and treatment slots for the growing numbers of persons with substance abuse problems.

Re-integration of Ex-Offenders: This year, more than 9,000 ex-offenders will be released from correctional institutions in Maryland, and most will return to neighborhoods in the city and the surrounding counties. This session, legislation will be introduced to ease the transition of ex-offenders back into their communities. The GBC Public Safety and Legal Affairs Committee has closely studied this issue and supports efforts to assist this population to become productive members of society.

The GBC has worked closely with the Commission on Ex-Offender Re-integration, the Baltimore Workforce Investment Board and the Mayor's Office of Employment Development on this issue and **supports efforts to remove barriers to employment and financial stability**, such as increasing the number of drug treatment options for ex-offenders both behind the fence and following release, and programs and policies designed to assist ex-offenders with job and life skills training.

Shock Trauma Funding: The Shock Trauma Institute located at the University of Maryland Medical Systems is recognized as one of the premier trauma centers in the world. The R Adams Cowley Shock Trauma Building was initially funded with 100% State funding in the late 1980s. Its role, to serve at the pinnacle of Maryland's emergency medical system, is clearly established in state law. Today, Shock Trauma treats slightly more than double the patients it was built to serve. With the growth that is slated for Central Maryland and the rest of the state it is likely to experience considerable pressure in future years. It is vital for not only our health care services, but for regional public safety, that the Shock Trauma Institute and the emergency medical system continues **to maintain its current level of service** and be well-prepared for future growth.

The GBC strongly supports state support for Shock Trauma so that it can remain at the cutting edge of medical technology and urges the General Assembly to permanently codify appropriate funding levels, including capital investment to keep up with the rising demand from a growing population, for this critical care system.

BUSINESS AND THE ENVIRONMENT

Utility Rate Regulation: Each session, it seems an issue springs to the forefront that no one expected. In 2006, that issue was the regulation of energy and Constellation/BGE's proposed merger with a Florida power company. Efforts to revisit the energy regulation issue will again be before the legislature in 2007.

The GBC will work closely with the energy companies and legislative leaders to assist in crafting **policies that benefit the citizens of this region without negatively impacting the utility industry's ability to provide the most cost effective energy** to the region.

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GBC LONG-TERM STRATEGIC PRIORITIES

Life Sciences Initiative:

Coordinate business support for biopark development and for bioscience business industry growth in the region.

Regional Transportation:

Advocate for the development of a fast, easy and reliable transit system.

Bridging the Gap:

Strengthening minority and women-owned businesses in the region.

CONTACT

To discuss the GBC's legislative agenda or legislative matters, contact the following:

Donald C. Fry, President and CEO

410-727-2820

donaldf@gbc.org

Devon Dodson, Vice President

410-727-2820

devond@gbc.org



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