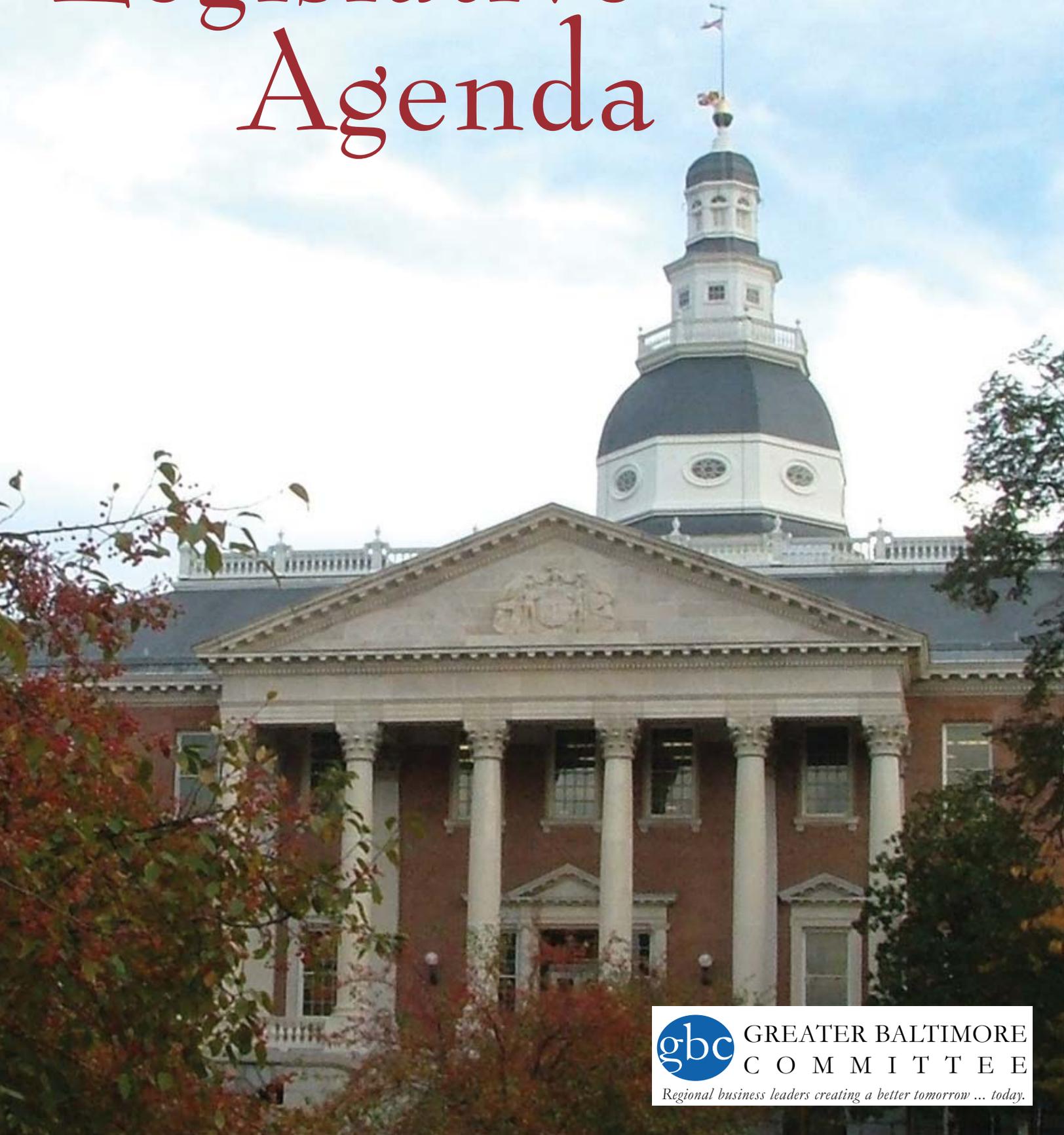


GREATER BALTIMORE COMMITTEE

# Legislative 2008 Agenda



GREATER BALTIMORE  
COMMITTEE

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

## GREATER BALTIMORE COMMITTEE LONG-TERM STRATEGIC PRIORITIES

**Regional Transportation.** Advocate for the development of a comprehensive integrated transportation network & regional transit system.

**Life Science Initiatives.** Coordinate business support and advocacy for life science industry growth.

**Bridging the Gap.** Strengthening minority and women-owned business in the region.

**Base Realignment and Closure (BRAC).** Prepare for growth and BRAC-related infrastructure needs.

**Baltimore and Washington, D.C.** Develop teamwork between Maryland's two metropolitan regions on business climate issues.

### *CONTACT*

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

Donald C. Fry, Esq.  
President & CEO  
410-727-2820  
donaldf@gbc.org

Kisha A. Brown, Esq.  
Director of Government Relations  
410-727-2820  
kishab@gbc.org



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# STATE TAX, SPENDING & REGULATORY ENVIRONMENT

The economic forecast and recent tax increases highlight the need for fiscal restraint. The Greater Baltimore Committee recognizes Maryland's constitutional requirement for a balanced budget while the legislature seeks to meet the demand for our state to provide services and expand infrastructure. However, solid political foresight is needed to ensure the viability of businesses and long-term growth potential in Maryland. There is a compelling need to monitor our spending capacity in the upcoming years. To promote confidence within the business community, the state must ensure that spending reflects clear strategic priorities.

The global nature of the economy forces us to look at our tax system as it relates to businesses beyond just our immediate borders but also into the inter- and intra-continental relationships that exist for many businesses. Increasing global competition has continued to change the marketplace. Coupled with the federal tax rate, many businesses must consider state and local level taxes, which do not exist in most other countries, when deciding where to locate and operate. Our tax structure is a central element to our competitiveness in creating jobs, attracting new businesses, and retaining and expanding existing businesses in our state.

The Greater Baltimore Committee urges the Governor and the General Assembly to consider the full direct and indirect impacts on businesses when enacting increased revenues or expanding state/local regulatory authority.



## BUSINESS & ECONOMIC DEVELOPMENT

### **ECONOMIC DEVELOPMENT AND JOB CREATION**

The Greater Baltimore Committee is committed to enhancing the economic well-being and quality of life for the Baltimore region by advocating for the creation of jobs and supporting the emerging industries of our region. The GBC recognizes that building the economic wealth of the Baltimore region is intricately tied to the overall health and prosperity of the state. In order to ensure that Maryland remains highly competitive, we are committed to:

- Attracting and retaining a high quality workforce to the state;
- Exploring partnerships between government, business

and higher education to ascertain what the region and state's workforce needs are and developing policies to fill those needs;

- Fostering a healthy and productive relationship with the Washington, D.C. region to emphasize and build on the strengths of the Washington-Baltimore corridor; and
- Ensuring that the Baltimore region is a primary economic competitor in the global economy.

### **MINORITY & WOMEN-OWNED BUSINESSES**

Bridging the Gap, an initiative of the Greater Baltimore Committee, is designed to advance the business culture of the greater Baltimore region by fostering an atmosphere

in which majority, minority and women-owned businesses can form mutually beneficial strategic partnerships. It is essential for minority and women-owned businesses to have the opportunity to form equity relationships with established businesses in order to strengthen the region's and state's economic base entirely. The Governor and the General Assembly must focus considerable attention on the business sectors that provide the greatest potential for future long-term growth and fostering minority inclusion.

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

## REPEAL OF SALES & USE TAX ON COMPUTER SERVICES

The GBC opposes the expansion of the sales and use tax on computer services that was enacted during the special session of 2007. The expansion to computer services has a disproportionately negative impact on small businesses that most often do not have the luxury of an in-house IT department. When the sales and use tax was hastily expanded to computer services it was tied to an industry that is critical to our state's competitiveness in the 21st century economy. This action negatively impacts the technological progress of the state, the stability of our economy, and is a legislative action that should not be allowed to take effect.

The GBC **supports** legislation to remove the taxation of computer services and **commits** to work with the legislature to develop proposals for either reducing state spending or raising other revenues to the state's General Fund.

## ECONOMIC DEVELOPMENT THROUGH THE USE OF TAX CREDITS

### • **Biotechnology Investment 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. The General Assembly originally passed legislation that created a tax credit for investments made in a biotechnology or venture capital company but without a predictable funding mechanism. However, during the 2007 session the legislature allocated \$6 million, which was fully used within a year's time.



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

### • **Heritage Structure Rehabilitation Tax Credit:**

During the last legislative session, legislation was passed to raise the cap prohibiting any one jurisdiction from receiving more than 50 percent of the credits under the program to 75 percent of the credits and to allow money that was not awarded to be recycled to other projects previously rejected due to the statutory program cap.

The Greater Baltimore Committee continues to **support** budgeting sufficient funding for heritage tax credits, which ensure that heritage revitalization projects have reasonable access to a highly effective economic development incentive that serves to renew historical areas and preserve our state's history.

### • **Research and Development Tax Credit:**

The R&D tax credit, capped at \$6 million per year, was reinstated during the 2005 session. Last year, legislation passed to secure the credits even should the federal Research and Development Tax Credit Program be repealed or terminated. 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.

Recognizing the challenges in competing with our neighboring states, the GBC urges the Governor and General Assembly to **increase the R&D tax credit cap from \$6 to \$15 million.**

## LIFE SCIENCES FUNDING

For years, the Greater Baltimore Committee has identified life science funding as one of its top priorities with the goal of putting Maryland on the cutting edge of new life science research and practice. With the support of the legislature, the Baltimore/Washington region is a bioscience powerhouse. For instance, pharmaceutical manufacturing, the second largest component of the bioscience industry, represents 16.8% of total industry employment in the state. According to the state's Department of Business and Economic Development, Maryland has the third or fourth largest state cluster of bioscience companies in the nation and the second largest per capita in the nation. With more than 60 federal agencies and research labs within thirty miles, the Baltimore region is also home to major research universities such as the Johns Hopkins University and the University of Maryland, Baltimore. Rich in assets that have attracted bioscience companies to the area, the Baltimore 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 that the Governor and General Assembly continue their efforts to secure much needed federal and state dollars necessary to develop the life sciences industry by increasing funds directed to each of the bioparks. Of equal importance is the need to translate the invested research dollars into economic development and to propel Maryland as a top location for advances in life sciences.

The GBC **supports the continued State investment** in bioscience facilities and urges the legislature to recognize the business opportunities for the Baltimore region and the national recognition provided for the state that this industry represents.

## STATE PENSION FUND INVESTMENT IN PRIVATE EQUITY

Like a majority of states, Maryland allocates a portion of its state pension funds to private equity; however, the most welcoming technology states are investing more. The

use of pension funds is a commonly used practice to raise the amount of investment capital available to bioscience and other technology companies in the state. This can be done without jeopardizing the stability or fiscal integrity of the pension fund and its beneficiaries. Massachusetts and New York have a long history of investment in private equity, and Florida has committed to investing up to \$1 billion of its employee pension fund in the next three to five years to entice bioscience firms to its state. Unless

the percentage in private equity is increased, Maryland will lose ground in the national competition for economic development.

The Greater Baltimore Committee **supports** increasing the percentage of state pension fund dollars invested into private equity including venture capital.

## NANOTECH-BIOTECH INITIATIVE

Nanotechnology involves the manufacturing of products made of components the size of atoms and molecules. Medical applications are expected from nanotech-biotech 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.



## INVESTING IN INFRASTRUCTURE

For years the Greater Baltimore Committee has argued that inadequate transportation funding represents the most significant challenge to Maryland's economic growth over the next decade. The GBC continues to support increasing revenue dedicated to the Transportation Trust Fund (TTF). The GBC was a front runner in advocating for increased revenue for the Transportation Trust Fund during the recent special session of 2007. Before the session began, the GBC created a website, [www.keepmarylandmoving.com](http://www.keepmarylandmoving.com), dedicated to educating and motivating the public about the importance of a properly-funded transportation system.

As a densely developed region, our highways, tunnels, bridges, and rail lines must accommodate demand from both locally generated traffic and through traffic. The Maryland Department of Transportation (MDOT) has identified projects not funded for construction that would cost more than \$50 billion to build. In addition to capital needs, operating costs between now and 2012 will increase 4.5 percent per year according to MDOT estimates; however, most revenue sources dedicated to the Transportation Trust Fund do not keep pace with inflation. Adequate funding allows MDOT to maintain and expand the transportation system in support of economic opportunity, particularly in the communities designated for growth by local governments.

## PROTECTING THE TRANSPORTATION TRUST FUND

Now more than ever a **firewall** needs to be created between the Transportation Trust Fund (TTF) and the General Fund to ensure that the TTF is not tapped should future budget shortfalls arise. Revenues from taxes and fees and other funding sources accrue to the Transportation Trust Fund (TTF) to support the state transportation capital program, pay operating budget requirements, and to pay debt service on consolidated transportation bonds. The legislature should consider transfers from the TTF only in extreme emergencies, transfers approved by a super majority, and mandate any transfer be subject to an immediate repayment schedule.

The Greater Baltimore Committee **supports** establishing a firewall protecting the Transportation Trust Fund from future raids that jeopardize the maintenance and expansion of our transportation system.

## 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 planning of 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 that would be an asset to both the residential and business communities. 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**:

- **Full funding of** the planning, design and construction of the Red Line from Baltimore County through downtown Baltimore and to Southeast Baltimore.
- **Planning and design of** the Green Line extension from Johns Hopkins Hospital to Morgan State University and to Baltimore County.
- Increased MARC commuter and Amtrak service between Baltimore and Washington, D.C., and continued study of a Maglev system.
- Increased MARC service from Baltimore to points north (see BRAC).

## BASE REALIGNMENT AND CLOSURE (BRAC)

As a projected 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, the Baltimore region must prepare itself for the economic, social and physical impact of the federal military consolidation. The Greater Baltimore Committee understands that the full cooperation of the public and private sectors is essential throughout the planning and marketing of BRAC initiatives. The GBC has already signed a pledge along with other regional business and



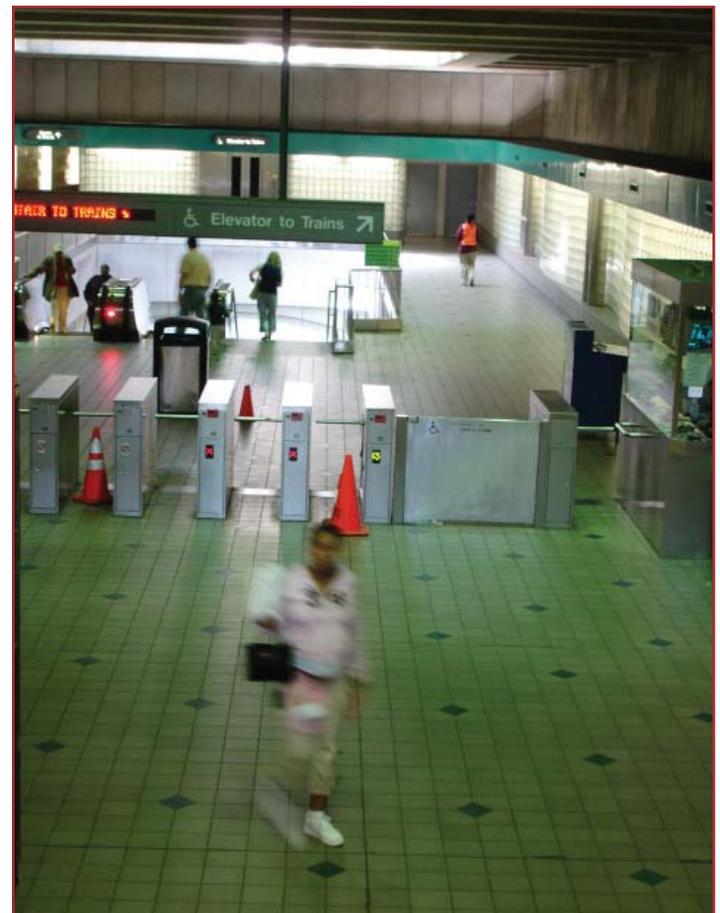
government leaders committing to regional teamwork on growth management and infrastructure development needed to address the impact of the federal base realignment and closure.

While this is an extraordinary economic development opportunity for the region and the state, many policy issues such as transportation infrastructure, land use, housing availability, accessible health care facilities and school construction must also be considered on the state and local levels. Improvements to current infrastructure coupled with expansion are crucial to accommodating the increasing demands placed upon the Baltimore region. For example, the Consolidated Transportation Plan identifies over 30 projects, mostly highway improvements, to address projected BRAC-related growth and the estimated \$4.2 billion cost of these projects have not yet been funded. The GBC therefore proposes the following to assist the legislature in coordinating the multiple regional development challenges associated with BRAC:

- **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 line item in the state’s General Fund operating budget** for the appropriation of funds necessary to implement BRAC-related projects.
- **Determine the necessary funds needed** to fully integrate the BRAC-related road and transit projects and develop a financial plan for the increased funding needed to support them.
- **Create** special development tax districts in all BRAC-affected counties directed toward encouraging business growth and infrastructure development.
- **Facilitate** increased MARC service to Wilmington, Delaware on the Northeast Corridor in order to accommodate the BRAC-related employees from north of Aberdeen.



## TEACHERS' INCENTIVE TAX CREDIT

The Greater Baltimore Committee has endorsed high academic performance standards and has consistently supported the use of non-traditional approaches to recruiting, employing and retaining teachers and principals. Most jurisdictions within Maryland suffer from a lack of a qualified teacher pool in subject areas such as mathematics, science, technology and special education. With the high tech government and defense contracting jobs expected from BRAC it is critically important that math, science, and technology are essential components of a high school education and tomorrow's workforce requirements.

The Greater Baltimore Committee **supports** legislation that provides tax credits for teachers who commit to teach for a number of years in jurisdictions with challenged schools or in the math, science and special education fields.



## K-12 EDUCATION AND HIGHER EDUCATION FUNDING

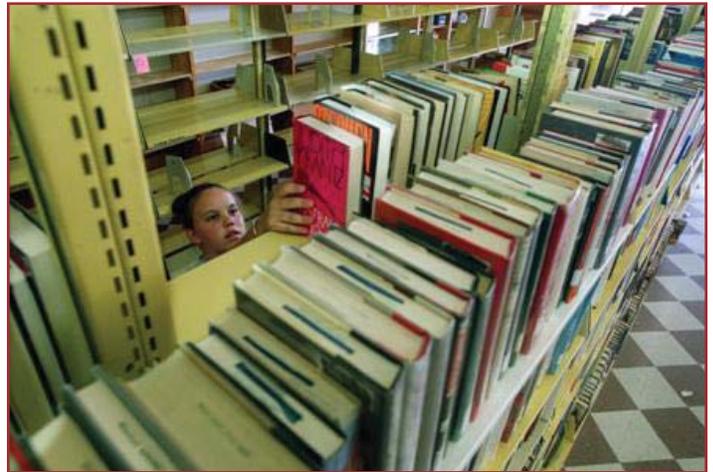
The Greater Baltimore Committee has been a **strong supporter** of both K-12 and higher education in the Baltimore region and the state.

During the special legislative session of 2007, the General Assembly increased the corporate tax rate from 7% to 8.25%. A portion of the increased revenue is set to fund the newly created Higher Education Investment Fund, a measure the GBC supported. The Fund is designed to supplement General Fund appropriations to public higher education institutions, for their capital projects and workforce development initiatives.

The GBC will continue its **support**, in conjunction with other business organizations, to make the business case for supporting our public higher education system across the board in Maryland.

The GBC recognizes that the future progress of our state is tied to properly preparing our youth with a quality K-12 public school education program. In various parts of the state, charter schools have become an integral part of the education system. Properly preparing our youth will expose them to countless opportunities available following their secondary education. Charter schools are providing new learning opportunities to countless children throughout the Baltimore region and are doing it well. Creative learning approaches should be encouraged throughout Maryland. It is critical that our state provide a formula allocating sufficient revenues to keep charter schools fiscally sound. In light of the vast needs of our growing economy, Maryland must have an educated, skilled and dependable workforce.

The GBC **supports** the continued funding of charter schools committed to teaching and training our youth to become positive contributors of their state.



# PUBLIC SAFETY

## INCREASED DRUG TREATMENT FUNDING

Public opinion polls in Maryland and across the country point to overwhelming support for a more treatment-oriented approach to public safety and sentencing instead of massive incarceration. Sixty-seven percent of Maryland voters identify drug treatment as a more effective approach than incarceration. Research shows that Maryland spends almost \$123 million annually to incarcerate drug prisoners, while only spending \$31 million to provide drug treatment to patients referred from the criminal justice system. However, more than 85 percent of those incarcerated are in jail as a result of criminal activity associated with a substance abuse problem. 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 not only reduces criminal activity, but is a more cost-effective strategy than imprisonment.

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

Approximately 15,000 former inmates return annually from state prisons to communities throughout the state. They often lack job training, drug treatment, access to mental health services, and housing; making them extremely vulnerable to return to criminal activity threatening the public safety and welfare of our communities. In order for an individual to successfully reintegrate into society after incarceration the planning for their reentry must take place as early as possible.

The GBC **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.

# ENERGY & THE ENVIRONMENT

## ENERGY EFFICIENCY

The Greater Baltimore Committee urges the General Assembly to expedite Maryland's permitting process to ensure that alternative sources of energy can be developed in a time-efficient and productive manner. New cleaner energy sources are only a possibility if we promote renewable or non-carbon emitting energy technologies today. Meanwhile the current sources of energy must remain competitive, while maintaining affordability and reliability. As a net importer of energy, Maryland must draw on its resources to formulate a plan to sustain reliability of the electric grid and provide the best possible prices to consumers.

The GBC **strongly supports** creating a long-term policy framework to address our energy needs and environmental concerns so that Maryland can develop an environmentally sound solution to its relentless demand for energy.

## ENVIRONMENTAL INITIATIVES

As of April 20, 2007, Maryland became the 10th state to join the Northeast regional climate change and energy efficiency program when Governor O'Malley signed

the Regional Greenhouse Gas Initiative (RGGI). The multi-state initiative requires Maryland to initially reduce greenhouse gas emissions from power plants using a cap-and-trade system. As Maryland develops the necessary policies and regulations to limit the amount of a pollutant that can be emitted, the business community looks to be a resource in the stakeholder process. In order to assure a uniform understanding of the program's intricacies and intents, the GBC looks for the state to promptly institute an official stakeholder group that includes energy experts, environmental specialists and business groups allowing for a wide range of interests and local jurisdictions to be considered in the development and compliance process. In addition, as a result of the report from the newly created climate control commission, Maryland also looks to set aggressive carbon emission reduction standards as an additional state initiative. The business community must be involved in establishing acceptable standards.

As the state looks to become greener, the GBC **supports** efforts aimed at reducing greenhouse gas emissions in the State of Maryland using a coordinated approach among all levels of government and the private sector that provides consistency and constructive discourse throughout the process.

# HEALTH CARE

## HEALTHCARE AND WORKFORCE DEVELOPMENT

Since Maryland is home to some of the leading healthcare providers in the country, it is essential that critical industry sectors, such as pharmacy, lab technicians and nursing are properly staffed. The Greater Baltimore Committee continues to **support** the Center for Health Workforce Development's recommendations for increasing the number of nursing and other health care workers in the state, including re-designing the work of nurses and others in the healthcare profession to create a better working environment in order to retain nurses and



make it a more attractive profession for other workers; working to foster changes in the institutional culture; and partnering educational institutions with companies in the healthcare industry to allow for more interaction between both parties.

## HEALTHCARE AND SMALL BUSINESSES

The General Assembly in the recent special legislative session of 2007 passed the Working Families and Small Business Health Coverage Act aimed at expanding coverage to more than 100,000 Marylanders over the next five years. This Act encompasses several of the provisions from the Greater Baltimore Committee's Access to Healthcare Plan proposed during the 2007 regular session. By expanding the eligibility for Medicaid coverage and creating new small business benefits, Maryland has aligned itself to tackle the problems of its uninsured population. The Greater Baltimore Committee **supports** action by the legislature to reduce the number of uninsured while directly targeting those who are driving up the cost of healthcare.

# HOSPITALITY & TOURISM

## TOURISM AND CONVENTION CENTER FUNDING

The Greater Baltimore Committee has been a long-time supporter and promoter of the tourism industry in the region and statewide. One vital component of the region's tourism economy is the convention industry. The Baltimore Convention Center attracts tourists to trade shows, conventions, and meetings that amount to additional gained revenues for restaurants, hotels, entertainment venues and other service providers. According to the Baltimore Area Convention and Visitors Association (BACVA), spending from domestic travelers in 2002 was \$8.476 billion statewide; \$2.8 billion in Baltimore alone. This spending supported \$719 million in state and local taxes while providing over 44,000 regional jobs.

Despite tourism's positive economic impact, state support for tourism has not significantly increased in recent years. 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. Current law requires the state to support certain operating deficits at three of



the state-assisted convention centers- Baltimore, Montgomery and Ocean City. This year, the state's partnership with the city in offsetting the Baltimore Convention Center's operating deficit expires. The GBC **strongly supports** the continued compensation by the state to the Baltimore Convention Center operations.

## **GBC VISION**

Greater Baltimore – Baltimore City and the five surrounding counties (Anne Arundel, Baltimore, Carroll, Harford and Howard Counties) – will be recognized as a leader in the global economy.

## **GBC MISSION**

The mission of the Greater Baltimore Committee is to improve the business climate of the Greater Baltimore region by organizing its corporate and civic leadership to develop solutions to the problems that affect the region's competitiveness and viability.

## **THE GBC'S REGIONAL PERSPECTIVE**

Regions, not individual jurisdictions, are the primary economic competitors in the global economy. Successful regions are characterized by healthy and viable core areas, while regions with declining core areas do not perform as well.

The synergy among central cities and the jurisdictions around them is critical to a region's success. A thriving urban area energizes a region and serves as a catalyst for economic and cultural growth.

In Greater Baltimore, strengthening regional ties and collaboration benefits the entire region.







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