Message to Members

The Greater Baltimore Committee (GBC) continually emphasizes the importance of creating a vibrant and competitive business climate. The GBC has adopted eight pillars that inform its advocacy efforts, promoting a strong business climate that spurs economic growth and job creation. The eight pillars are:

- Government leadership that unites with business as a partner
- Workforce that is highly-educated and meets Maryland’s business needs
- Regulatory policies that are streamlined, stable and predictable
- Tax structure that is fair and competitive
- Competitive costs of doing business
- Superior transportation infrastructure with reliable funding mechanisms
- Strategic and effective state investments in business growth
- Business marketing strategy that is aggressive, coordinated, long-term, and well-funded

The pillars appeared in the GBC’s report, “Gaining a Competitive Edge: Keys to Economic Growth and Job Creation in Maryland,” which was a comprehensive effort to define a competitive business climate for the Greater Baltimore region and the State of Maryland. To arrive at these pillars, the GBC engaged leaders from the business community, including several former secretaries of economic development, and local economic development professionals, for input on what makes Maryland’s economy tick.
When advocating on behalf of our members, the GBC bases its positions on these pillars. In fact, you will find that most of our testimony in Annapolis refers directly to these pillars as a means to make our case for or against a piece of legislation. If you have some time, please read the report, "Gaining a Competitive Edge: Keys to Economic Growth and Job Creation in Maryland," which you can find here.

As always, if you have any questions or concerns, please feel free to contact me.

Sincerely,

Donald C. Fry
President and CEO

Major Issues on the Horizon for 2018

The GBC anticipates yet another busy session of the Maryland General Assembly, which begins on January 10, 2018 and concludes on April 9, 2018. It is important to note that as this is the last year of a four-year session, many elected officials have one eye on the 2018 elections. Consequently, some controversial issues will wait to be addressed in a future session. That is not to say that there will not be excitement or controversy, however. It is for this reason that the GBC and those seeking an improved business climate need to stay vigilant.

There are a number of major issues that stand to be addressed during the 2018 legislative session. They include veto override efforts for legislation mandating paid sick leave and another bill allowing for a new redistricting process. Other major issues include a statewide $15 per hour minimum wage, single sales factor apportionment for corporate taxes, elimination or restructuring of business tax credit incentives and Baltimore City public safety and financial support initiatives.

To keep track of the GBC's efforts in Annapolis, please visit and bookmark our legislative webpage, which can be found here. Within that webpage, GBC members have access to our legislative agenda for 2018 and important information about the Maryland General Assembly. Additionally, the webpage tracks the GBC's positions on legislation and includes access to our written testimony. Please visit to stay informed and help us advocate on issues important to the regional business community.

Governor Hogan Releases Public Safety Initiatives

The GBC has declared public safety as the single biggest concern for companies located in Baltimore City. A lack of safety poses a significant threat to business growth and job creation. Through the work of the GBC's Public Safety Task
Force, we will issue recommendations that will forge a two-pronged approach that focuses on crime control and crime prevention. Mayor Catherine Pugh and other Baltimore City leaders are also hard at work on solutions to violent crime and the root causes of crime. Governor Larry Hogan joined the effort on December 5 with the announcement of a set of public safety initiatives.

Governor Hogan’s plan, which focuses on violent offenders and criminal gangs, includes initiatives such as state and federal law enforcement assistance directed towards Baltimore City and help for prosecutors and law enforcement to dismantle criminal networks. The plan also incorporates Maryland State Police and other state police agencies operating in Baltimore City, assistance with serving high-priority warrants on repeat violent parole offenders and continued demolition of vacant properties. Additionally, the Governor will create the Maryland Criminal Intelligence Network, a data-sharing system to target entire criminal enterprises, and the Governor’s Council on Gangs and Violent Criminal Networks.

For the 2018 legislative session, Governor Hogan plans to introduce three bills aimed at combating crime in Baltimore City and throughout the State. The first is truth in sentencing legislation which will require second-time violent criminals to serve their full sentence and be denied parole. A second proposal increases the minimum sentence from five to 10 years for repeat offenders who use firearms to commit violent crimes. The third bill strengthens Maryland’s anti-gang and Racketeer Influenced and Corrupt Organizations Act (RICO) statutes by expanding the list of gang-related crimes that can be prosecuted across jurisdictional lines.

In addition to the initiatives outlined by the Governor, Mayor Pugh announced a new $5 million grant from Bloomberg Philanthropies to fund crime prevention strategies such as cameras and street lighting. The GBC, working with Mayor Pugh and Baltimore City leaders, was also instrumental in securing commitments to fund Roca, a Boston-based program whose mission is to disrupt the cycle of incarceration and poverty by helping young people transform their lives.

The GBC will carefully examine the Governor’s recommendations and all ideas that deal with crime and the root causes of crime. On behalf of our members, the business community and those who live, work and visit Baltimore City, the GBC believes it is imperative to support and implement any and all worthy solutions that improve public safety.

State Analysts Recommend Changes to Biotech and R&D Tax Credits

In 2012, the Maryland General Assembly passed legislation creating the Tax Credit Evaluation Committee with the obligation to review the viability of all tax credits. This year, its charge is to review the Biotechnology Investment Incentive Tax Credit (BIITC) and the Research and Development Tax Credit (R&D Tax Credit). The Maryland Department of Legislative Services (DLS) conducted a review of these tax credits and recommended both programs either receive an overhaul or face elimination. The GBC agrees that these incentives would benefit from a thoughtful review and would
support statutory improvements, but firmly disagrees that either should be eliminated.

The GBC supports these targeted incentives that leverage small amounts of taxpayer dollars to increase opportunities for economic growth and activity. The benefits of these programs far outweigh the costs, especially when one considers that these and other important business incentives represent less than 1 percent of Maryland's overall annual budget.

The R&D Tax Credit helps Maryland compete with other states by providing companies performing R&D an incentive to keep their operations in the State. The GBC supports the R&D Tax Credit because it spurs the creation of new R&D keeps existing R&D and the corresponding jobs in Maryland. If tweaks are made to the overall program, the GBC will work with leaders to make those changes.

The BIITC is a cutting-edge program unique to our State and has proved instrumental in creating and sustaining a bioscience industry in Maryland. Some of the DLS recommendations have merit and should produce discussions that lead to improving both the program's efficacy and ease of use. However, the GBC strongly disagrees with the recommendations for termination. Businesses need certainty and that includes knowing that incentives will remain viable.

The GBC not only supports the BIITC, but it played an instrumental role in improving the program during the 2017 session. Through legislative action, the GBC and its partners aimed to spur bioscience commercialization of market-ready ideas at research universities. There are numerous bioscience-related technologies that need a window for BIITC eligibility that did not exist before the successful passage of the GBC amendment. This amendment should spur the earliest stage companies to utilize the BIITC program, create jobs, and perhaps one day catalyze the next great breakthrough in the industry.

The Maryland General Assembly should continue to focus on an innovation economy through improving existing programs, providing additional funding and creating complementary programs that spur tech-led economic development. The GBC supports the DLS recommendation to examine the creation of a Small Business Innovative Research matching grant. At the December 5, 2017 hearing of the Tax Credit Evaluation Committee, there was also discussion about the merits of creating an angel investor tax credit, previously pursued by the GBC.

The GBC was perhaps ahead of its time for the creation of an angel investor incentive, which already exists in many other states and has proved to be successful. Such a program would create a tax incentive to spur angel investors to put their money to work in early-stage innovative companies located in Maryland. An important difference between this and other incentive programs is that the incentive would be broad-based, rather than focused on one particular industry. This flexibility makes an angel investment incentive an especially important tool in a constantly changing economy full of new opportunities.

Ultimately, the GBC is open to changes to both the R&D Tax Credit and the BIITC, but these programs must remain stable and viable. Maryland's policymakers have helped create
strong, innovative industry sectors, which are successful in large part because of these incentives.

**Department of Legislative Services Names New Executive Director**

Vicki Gruber has been named to replace longtime Department of Legislative Services (DLS) Executive Director Warren Deschenaux who retired as of December 1, 2017. Ms. Gruber is currently Senate President Thomas V. Mike Miller’s top aide. Prior to working with President Miller, Gruber served as staff and counsel to the Senate Budget and Taxation Committee as a DLS employee. DLS is an important agency in Annapolis that supports the members of the Maryland General Assembly and its ten committees. The nature of their support includes legal, fiscal, committee support, research, reference, auditing, administrative and technological support. The GBC congratulates Gruber on her new position and looks forward to working with her.

**Upcoming Dates of Interest**

On **January 29**, attend the annual GBC Maryland General Assembly Legislative Forum, featuring a primer on what to expect during the 2018 session in Annapolis. The event, which will feature a panel of leading policymakers in Annapolis, will begin at 7:30 a.m. at the Renaissance Baltimore Harborplace Hotel, 202 East Pratt Street, Baltimore, MD 21202.