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GREATER BALTIMORE COMMITTEE

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



October 10, 2017

State House Update

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GBC'S 2017 AGENDA

GBC's 2017 Legislative Agenda

GBC'S LEGISLATIVE TRACKER

To read testimony and get more information about bills the GBC tracked this year, visit our legislative tracking website.

MD GENERAL ASSEMBLY

General Assembly Website

Committee Schedule

GBC EVENTS

October 11, 2017
Transportation Summit,
Baltimore Marriott Inner

Message to Members

The Senate Judicial Proceedings Committee, in conjunction with Baltimore City's Senate and House delegations, recently held a hearing to address concerns about violent crime and public safety in Baltimore City. I was among those who testified at the nine hour hearing to ensure that Greater Baltimore business community's perspective on this issue was understood.

The assembled legislators heard from experts including Baltimore Mayor Catherine Pugh, Baltimore Police Commissioner Kevin Davis, Baltimore City Council President Jack Young and Baltimore State's Attorney Marilyn Mosby. Other panels included leaders from state government agencies including the Department of Juvenile Services, education, faith-based institutions, criminal justice, and the Baltimore City Council.

My testimony focused on jobs and investment. In my remarks, I forcefully stated that public safety is the single biggest concern for businesses in Baltimore City and poses a significant threat to growth and job creation. Without question, businesses thrive on predictability and certainty. The barrage of crime reports about Baltimore City creates uncertainty and apprehension among employees and places workers and citizens in harm's way.

Harbor at Camden Yards

October 18, 2017

NewsMaker Breakfast:
Dr. Thomas M. Scalea,
Physician-In-Chief,
R Adams Cowley
Shock Trauma Center

November 1, 2017

Bridging the Gap
Achievement Awards,
The Grand Baltimore

November 15, 2017

NewsMaker Breakfast:
Dr. Redonda Miller, President,
The Johns Hopkins Hospital,
and Dr. Mohan Suntha,
President and CEO,
University of Maryland Medical
Center University Campus

December 6, 2017

Mayor's Business Recognition
Awards Luncheon,
Renaissance Baltimore
Harborplace Hotel

Event and sponsorship
information:
Lisa Byrd at 410-727-2820

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I testified that solving Baltimore City's crime problem is complicated and requires a two-pronged approach. The first is crime prevention, which acknowledges and addresses the root causes of violence, including inequity and poverty, and requires investment and a commitment to education, workforce training, job opportunities, etc. The second prong is crime control, which requires improvements in law enforcement strategies and initiatives that reduce violence.

We expect legislation introduced during the 2018 session of the Maryland General Assembly will attempt to address crime prevention and crime control. The time is now to solve these problems thoughtfully, but with a great sense of urgency.

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

Sincerely,

A handwritten signature in black ink that reads 'Donald C. Fry'.

Donald C. Fry
President and CEO

Maryland's Revenue Troubles Continue

Maryland continues to grapple with uncertain revenue estimates and slower than anticipated growth. These factors have resulted in near annual recalibrations of the budget in order to keep it in balance.

The Board of Public Works (BPW), consisting of the governor, comptroller and treasurer, recently approved \$61 million in preemptive cuts from the current year's \$43.5 billion budget. While the state is not yet running a deficit, which typically necessitates BPW action when the Maryland General Assembly is not in session, the proposed cuts received a unanimous vote. This is a tacit acknowledgement that budget reductions would likely be required at some point before the legislature reconvenes on January 10, 2018.

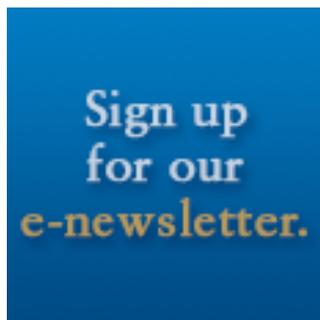
The news that followed the BPW action was in line with the Board of Revenue Estimates quarterly estimates, which reduced revenue projections for the current fiscal year by \$53 million and cut the 2019 fiscal year's revenue estimate by \$73.5 million. These projections guide the governor, who proposes each year's budget, and the legislature, which can cut, but not increase the budget. The Fiscal Year 2019 budget will be proposed and debated shortly after the start of the 2018 session.

Federal Tax Reform Threatens to Increase Taxes on Maryland Businesses and Residents

GBC members learned about the impact federal actions may have for Maryland at the annual Economic Outlook Conference on September 14. A panel shared their expertise



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on the potential effects of tax cuts and health care reform on Maryland's long-term outlook.

In particular, the initial discussions of proposed federal income tax cuts could prove to have a deleterious effect for Maryland. One of the presenters, Warren Deschenaux, Executive Director of the Maryland Department of Legislative Services, said tax reform proposals could pose a significant and disproportional threat to Maryland's taxpayers, particularly small businesses.

An early thumbnail tax plan from the Trump Administration proposes to eliminate the deduction for state and local income taxes. Deschenaux said that according to the Internal Revenue Service, 1.3 million Maryland tax returns claimed \$16.5 billion in deductions. If these deductions were eliminated, Maryland's tax bills would grow about \$3 billion or 13 percent with the impact concentrated in higher income counties, including Anne Arundel and Howard counties, in the Greater Baltimore region. Generally, people who itemize deductions on their tax returns and live in wealthier states such as Maryland are at risk for tax increases. At this time, however, the tax reform plan is in its earliest stages and details remain sketchy.

Regulatory Reform Commission Holds Meeting

The Regulatory Reform Commission, created by Governor Larry Hogan through an Executive Order, met on September 28. The Commission is conducting a review of Maryland's regulations, including those that affect businesses. A final report is due in December.

At the most recent meeting, the commission heard about the State's customer service initiative and the Department of Commerce's efforts to gauge the effect of regulations on small businesses. The commission also received updates about workgroup activities in the area of occupation and business licensing, environment and land use, financial services and healthcare. The GBC continues to monitor this commission and supports regulatory reform that streamlines the existing system and improves the business climate for the Greater Baltimore region.

Kirwan Commission Begins Working Through Draft Recommendations

The Commission on Innovation and Excellence in Education, better known as the Kirwan Commission after its Chair, Dr. William E. "Brit" Kirwan, will continue to meet until the end of the calendar year. The Commission, whose purpose is to review and assess current education financing formulas and accountability measures, discussed a variety of initial recommendations that could potentially alter Maryland's education landscape for years to come. Additional meetings and evening public forums will be held and final recommendations are due in December.

At the Kirwan Commission's September 14 meeting, commissioners began to hone proposed recommendations,



but much more work remains. Issues discussed included per pupil funding, at-risk formulas, prekindergarten expansion and a number of school funding equity concerns. The GBC will continue to monitor the Kirwan Commission to its end-of-year conclusion and its implications beyond.

Upcoming Dates of Interest

On October 11, the GBC is hosting its annual [Transportation Summit](#), which will focus on the "Future of Transportation and Mobility." The event begins at 7:30 a.m. at the Baltimore Marriott Inner Harbor at Camden Yards, 110 S. Eutaw St., Baltimore, MD 21201.

On [October 18](#), the GBC is hosting a Newsmaker Breakfast with Dr. Thomas Scalea, Physician-In-Chief at the R. Adams Cowley Shock Trauma Center. The next Newsmaker Breakfast program will feature Redonda Miller, Johns Hopkins Hospital and Dr. Mohan Suntha, University of Maryland Medical System, on [November 15](#). The Newsmaker Breakfasts begin at 7:30 a.m. at the GBC office, 111 S. Calvert St., Suite 1700, Baltimore, MD 21202.

On November 1, the GBC will host its [Bridging the Gap Achievement Awards](#) at The Grand Baltimore, 225 North Charles Street, Baltimore, MD 21201.

On [December 6](#), the GBC will host its annual Mayor's Business Recognition Awards Luncheon at the Renaissance Baltimore Harborplace Hotel, 202 East Pratt Street, Baltimore, MD 21202.