Message to Members

Save January 28, 2019 for the annual Greater Baltimore Committee (GBC) Maryland General Assembly Legislative Forum. The event will begin at 7:30 a.m. at the Lord Baltimore Hotel (20 West Baltimore Street, Baltimore, MD 21201). Registration is now available by clicking here.
The GBC Legislative Forum will feature a panel of leaders from the Executive and Legislative branches of State government in Annapolis. They will address the most important issues that affect competitiveness in the Greater Baltimore region and what the business community can expect in the 2019 legislative session of the Maryland General Assembly. The legislative forum is unique in that it is held a few weeks after the legislative session commences. That way, attendees can learn about important issues in a more informed context. For example, by the time our event is held details of the FY 2020 budget and the Governor's legislative priorities will be known.

As we have noted before, the 2019 session is an important one. It marks the first year of a four-year term following the November 6 General Election in Maryland in which voters elected the Governor, Comptroller, Attorney General and all 188 seats in the Maryland General Assembly. Stay tuned for more updates on the 2019 GBC Legislative Forum and we hope to see you there.

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

Sincerely,

Donald C. Fry
President and CEO

Maryland General Election Results

Maryland voters went to the polls on Tuesday, November 6 to cast their ballots in the 2018 General Election for races including Governor, Comptroller, Attorney General and all 188 seats of the Maryland General Assembly. In the statewide races, all three incumbents, Governor Larry Hogan (R), Attorney General Brian Frosh (D) and Comptroller Peter Franchot (D), prevailed by wide margins for new four-year terms.

In the Maryland General Assembly significant turnover occurred. In the Senate of Maryland, there will be 17 new
Senators and many new faces in leadership positions. Senator Thomas V. Mike Miller (D) returns and will likely continue his role as President of the Senate. His leadership team will consist of three new committee chairs and four new vice-chairs, leaving only Judicial Proceedings Committee Chair Robert Zirkin (D) in the same leadership post. The Senate had a turnover rate of 36 percent, which easily eclipses the 21 percent turnover in each of the previous two elections. The new partisan split in 2019 will be 32 Democrats and 15 Republicans, a one seat gain for the GOP. The large Democratic majority is key for filibuster and veto decisions.

In the House of Delegates, the turnover was smaller than the Senate, but still significant. In 2019, there will be 42 new faces in the House, a turnover of 30 percent. This compares to a larger 37 percent turnover rate in the previous election and 21 percent following the 2010 election. Delegate Michael Busch (D) is expected to return as Speaker of the House. The Democrats expanded their majority with a gain of seven seats, creating a split of 98 Democrats and 43 Republicans. The 98 Democrats far exceed the 85 needed to override a Governor's veto of legislation.

Baltimore Tourism Improvement Districts Close to Becoming a Reality

As we look forward to the 2019 legislative session of the Maryland General Assembly, the interim period provides an opportunity to see some of the hard work from the previous session paying off. During the 2018 legislative session, the GBC testified in support of Senate Bill 1085 (Chapter 642)/House Bill 1385 (Chapter 641) — Baltimore City - Tourism Improvement District. These bills, which passed and were signed into law, authorize the creation of tourism improvement districts in Baltimore City. These districts are authorized to impose a special assessment to raise new revenue for marketing the tourism industry, which is a vital part of Baltimore City's economy.

Despite all of the positive attributes Baltimore City has to offer, tourism lacks the funding for consistent and effective marketing. Visit Baltimore, the city's tourism and convention arm, is leading marketing efforts, but it must grapple with limited financial resources to carry out this mission. Destination marketing organizations in other cities outspend Baltimore by millions of dollars. The creation of Tourism
Improvement Districts, as the GBC testified during the 2018 legislative session, is one way to provide supplemental funding for marketing campaigns. Tourism has a significant impact on Baltimore City's economy. According to Visit Baltimore, in 2017 tourism generated $5.7 billion in direct spending and supported 85,600 jobs.

Opportunity Zone Program Creates New Incentive for Development

The *Tax Cuts and Jobs Act*, passed by the U.S. Congress in December 2017, made a myriad of tax law changes, perhaps most notably cutting the corporate tax rate from 35 percent to 21 percent. What some may not know is the legislation also created the Opportunity Zone program, which provides federal tax incentives for investments made in designated Opportunity Zones.

Opportunity Zones may be a boon to Baltimore City and other underserved areas throughout Maryland by creating incentives for projects and neighborhood investment. More than 8,700 Opportunity Zones have been designated across the U.S. Maryland has identified 149 areas around the State that are eligible, including 42 in Baltimore City. To take a look at designated Opportunity Zones, [click here.](#)

Opportunity Zones are established in low-income census tracts that offer tax incentives to investors in Opportunity Funds, which are private sector investment vehicles that invest at least 90 percent of their capital in Opportunity Zones. These investors receive a deferral on their capital gains taxes if they hold their qualified business or real estate investments for at least five years or a permanent exclusion from a tax on capital gains if the investments are held for a minimum of 10 years.

The U.S. Treasury Department released proposed guidance related to the Opportunity Zone tax incentive on October 18, which will provide potential investors with a better idea of how to proceed. The GBC will do its part to promote this incentive and align with partners to ensure that the program is successful in spurring investments in the Greater Baltimore region.

Maryland Revenue Projected Upwards
The Maryland Bureau of Revenue Estimates (BRE), which is part of the Maryland Comptroller's Office, forecasts, analyzes and monitors State revenues. It announced on September 24 a $732 million increase in projected revenue for the next two fiscal years. The BRE also closed the recently completed fiscal year with $503 million more in revenue than it had estimated previously. Here is a breakdown:

- FY 2018 - $503 million more than forecast (July 1, 2017 - June 30, 2018)
- FY 2019 - $325 million increase in projected revenues (July 1, 2018 - June 30, 2019)
- FY 2020 - $407 million increase in projected revenues (July 1, 2019 - June 30, 2020)

This significant uptick in revenue was largely attributed to federal tax law changes, a recent U.S. Supreme Court ruling that will allow states to collect sales taxes for online sales, and stronger than expected revenue from corporate, income, and sales taxes. At this time, it is unknown what policymakers will choose to do with the windfall, but it will certainly be an important topic during the 2019 legislative session.

Upcoming Dates of Interest

This Wednesday, November 14, the GBC celebrates exceptional minority and women-owned businesses and majority businesses and executives who nurture the development of minority businesses in Greater Baltimore at its 15th Annual Bridging the Gap Achievement Awards. Honorees will be celebrated starting at 5:30 p.m. at Horseshoe Casino Baltimore, 1525 Russell Street, Baltimore, MD 21202.

On December 5, the GBC is hosting its annual Mayor's Business Recognition Awards Luncheon. The event will begin at 11:30 a.m. at the Renaissance Baltimore Harborplace Hotel, 202 East Pratt Street, Baltimore, MD 21202.

On December 18, the GBC is hosting a Newsmaker Breakfast featuring a panel discussion with Baltimore City's new legislators in Annapolis. At the breakfast, you will hear from winners for House races in Baltimore City, including Dalya Attar, Regina Boyce, Tony Bridges, Stephanie Smith and Melissa Wells. This event will begin at 7:30 a.m. at the GBC Office, 111 South Calvert Street, Suite 1700, Baltimore, MD 21202.