Every year, legislators clamor to get their "worthy legislative initiatives" funded through the capital budget. In the past, legislators have introduced these projects through "bond bills," which if approved are incorporated into the capital budget. This is possible because unlike the operating budget, which once proposed by the Governor can only be cut by the legislature, the capital budget may be amended and/or increased by the General Assembly.

Since the 2001 session, the General Assembly has not passed individual bond bills but has instead included bond bill projects in the annual capital budget. In keeping with this institutionalized process, starting in the 2019 session, "worthy legislative initiatives" will no longer require separate legislation but instead will be handled as requests for amendments to the capital budget bill called "Legislative Bond Initiatives" (LBI). They will not receive bill numbers, and will be introduced on a separate bond initiative calendar.

Although the LBI process will mirror the bond bill process in many ways, the General Assembly leadership believes the elimination of individual bond bills will result in a more efficient use of resources and a clearer process for members and the
public. The basic eligibility requirements and evaluation criteria for bond initiatives have not changed, and the request guarantee date and introduction dates for bills will also apply to the LBI process.

This is just one change in the legislative process. New committee chairs announced additional reforms at their organizational meeting. Knowing the rules and procedures are an integral part of the legislature for both members and advocates.

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

Sincerely,

Donald C. Fry
President and CEO

Governor Larry Hogan's 2019 Legislative Priorities

Governor Larry Hogan is still in the process of releasing his full legislative agenda, but his office previewed major issues that he wants to address through legislative action in the 2019 session of the Maryland General Assembly. The themes, as outlined by his office, are:

- Education Opportunities for All Marylanders
- Expanding Economic Opportunity for Workers and Job Creators
- Securing our Streets and Supporting Victims of Crime
- Fostering Free and Fair Elections

The following, as shared by the Hogan Administration, are some of the bills to be introduced:

**Education Opportunities for All Marylanders**

**Building Opportunity Act**

Increases funding for school construction projects that are requested by local school systems. Gives the Maryland Stadium Authority oversight and includes accountability measures.

**P-TECH Opportunity Act of 2019**

Expands the P-TECH schools program in Maryland by removing caps that limit the state to issuing one planning grant per local school system.

**Office of the State Education Inspector General**

Creates an independent Office of the State Education Inspector General that will be charged with investigating complaints of unethical, unprofessional, improper or illegal conduct in local school systems, and will have the ability to obtain information by subpoena and hold hearings.

**Student Debt Relief Act**
Allows Marylanders to deduct 100 percent of the interest paid on their student loans from their state income tax. Expands the Maryland Community College Promise Scholarship Program to include four-year Maryland public institutions and doubles the deduction for families participating in Maryland 529 savings plans from $2,500 to $5,000.

**Expanding Economic Opportunity for Workers and Job Creators**

**More Opportunities for Marylanders Act of 2019**
Extends a 10-year tax credit for each new job created by business that locates or expands in a Maryland Opportunity Zone. Exempts specified fees and property taxes for these businesses.

**Maryland Technology Infrastructure Fund**
Creates $16 million in investment to create a long-term strategic vision and implementation plan to leverage more than $500 million in planned investment over the next decade.

**Small Business Relief Tax Credit Act Of 2019**
Expands eligibility for the tax credit to small businesses that provide paid parental leave and doubles the available tax credit for businesses that provide both paid sick leave and parental leave.

**Securing Our Streets and Supporting Victims of Crime**

**Repeat Firearms Offenders Act of 2019**
Doubles the minimum sentence from five to 10 years for repeat offenders who use a firearm to commit a violent crime.

**Judicial Transparency Act of 2019**
Requires the Maryland Sentencing Commission to publish detailed, judge-by-judge information on the actual sentences given for violent crimes as well as the sentencing guidelines for those cases.

**Felony Human Trafficking Act Of 2019**
Classifies felony human trafficking as a violent crime.

**Repeat Drunk Driving Offenders Act of 2019**
Creates a felony offense punishable by up to 10 years for anyone convicted of a drunk or drugged driving offense on three or more prior occasions, as well as anyone convicted of causing a death or a life-threatening injury on their second and/or subsequent offenses.

**Fostering Free and Fair Elections**

**Non-Partisan Redistricting**
Institutes a nonpartisan redistricting process for both congressional and legislative districts, as well as providing criteria for drawing the boundaries of congressional districts.

**Opportunity Zones Legislation Expected**

The Opportunity Zone program, created by the 2017 federal *Tax Cuts and Jobs Act*, has garnered much attention. Opportunity Zones seek to spur investment in distressed communities. There are 149 Opportunity Zones in Maryland, 42 of which are located in Baltimore City. Qualified Opportunity Funds can invest in eligible commercial, residential and mixed-used real estate properties and operating businesses located...
in Opportunity Zones. Opportunity Zones allow investors who reinvest capital gains in a designated census tract to defer or eliminate future capital gains taxes.

Governor Larry Hogan and Mayor Catherine Pugh have both made Opportunity Zones an important part of their economic development priorities. In Baltimore City, the Baltimore Development Corporation recently hired an Opportunity Zone Coordinator, Ben Seigel, to guide local Opportunity Zone efforts, including proactively working with investors, developers, businesses, communities and other stakeholders to provide information and coordination assistance.

On the state level, Governor Hogan and legislators are expected to introduce legislation seeking to increase investment in all Maryland Opportunity Zones. Governor Hogan said he will introduce bills that would extend a 10-year tax credit for each new job created, institute competitive grants for job training programs, and exempt those business from state property taxes and some fees. Additionally, the Governor will introduce legislation to leverage investments by authorizing $16 million to create the Maryland Technology Infrastructure Fund. Governor Hogan also issued an executive order creating the Maryland Opportunity Zone Leadership Council for Opportunity Zone planning, collaboration and goal setting. Democrats in the legislature plan to introduce legislation that focuses on community ownership of projects, expansion of access to broader pool of investors and other proposals to ensure equity and limit disruption of residents.

On the federal level, the Trump Administration, through Executive Order, created a White House council to oversee Opportunity Zones. The council will consist of representatives from 13 federal agencies to coordinate resources and ensure success of the program. Investors are awaiting additional U.S. Department of Treasury guidance for the program, which should be released shortly.

For more information related to Maryland's Opportunity Zones, including a search function to see if an address is located in an Opportunity Zone, click here. The Greater Baltimore Committee supports the Opportunity Zone concept.

**Kirwan Commission to Remain for at Least One More Year**

The Commission on Innovation and Excellence in Education, informally known as the Kirwan Commission after its Chair, former University of Maryland System Chancellor William E. "Brit" Kirwan, will continue its work throughout 2019. The GBC is supportive of implementing many of the preliminary Kirwan Commission recommendations and believes creating a world-class workforce in Maryland is one of the most important functions of education. Click here to read Don Fry's op-ed, co-authored with Bishop Douglas Miles of BUILD, Kirwan Commission: Investment in Our Children's Future, posted on December 20, 2018.

The GBC strongly believes that any increase in funding needs to include performance metrics and enhanced accountability.
Like many commissions, the "devil is in the details," and in this case, the remaining details involve determining funding formulas for the recommendations. The challenge of costing out recommendations is the main impetus for keeping the Kirwan Commission together for another year. Early estimates pin the eventual cost of implementing recommendations related to at-risk students, career and technical education, teacher pay, additional funding to poorer schools, universal pre-K, and accountability measures at $3.8 billion in new spending annually to be phased in over 10 years.

Early in the 2019 legislative session, the debate could involve spending the so-called casino lockbox revenue, which stems from a 2018 Maryland Constitutional Amendment approved by voters that requires a majority of casino revenue to be used for school funding. Governor Larry Hogan wants to use casino revenue to spend an additional $325 million on school construction. Some legislative leaders indicated they would prefer that casino lockbox money be used for implementing a portion of the recommendations of the Kirwan Commission. As the public waits for the Kirwan Commission's final recommendations and cost estimates, the GBC will continue working with its partners to advocate for a strong and robust education system in Maryland.

GBC Baltimore Business Day in Annapolis

The GBC held its annual Business Day in Annapolis on January 15. Several members of the GBC Board of Directors spent the day in Annapolis meeting with members of the Senate or Maryland and House of Delegates. Briefings were also held with Keiffer Mitchell, Senior Advisor to Governor Larry Hogan, Jake Weissmann, Chief of Staff to Senate President Mike Miller, and Alex Hughes, Chief of Staff to Speaker Mike Busch. Board members and GBC staff held meetings with Senator Bill Ferguson, Senator Antonio Hayes, Senator Delores Kelly and Senator Chris West, Delegate Vanessa Atterbeary, Delegate Nic Kipke and Delegate Maggie McIntosh. A legislative reception capped off the day. The purpose of GBC’s Business Day in Annapolis is to personally engage GBC Board members with leading policymakers in Annapolis and advocate for issues that affect the Greater Baltimore region's competitive business climate.
GBC 2019 Session Legislative Tracking System

To keep track of the GBC's efforts in Annapolis, please visit our legislative webpage. GBC members can access the 2019 legislative agenda and important information about the Maryland General Assembly. Additionally, the webpage tracks the GBC's positions on priority legislation and includes access to written testimony. Please visit the website to stay informed and help us advocate on issues important to the regional business community.

Commentaries by GBC President and CEO Donald C. Fry

Click here to listen to Don Fry's commentary, Reason for Optimism in Crime Fight, on WBAL News Radio 1090, posted on January 17, 2019.

Click here to read Don Fry's commentary, Watchful Eyes and High-Tech Crime tools for Baltimore, published in The Daily Record on January 18, 2019.

Upcoming Dates of Interest

On January 21, GBC President and CEO Don Fry will be a guest on Maryland Public Television's Your Money & Business, hosted by Jeff Salkin.

On January 28, attend the GBC's annual Maryland General Assembly Legislative Forum, which will feature top legislative leaders from both parties and the Governor's Office who will discuss the legislative dynamics that are in store. The event will begin at 7:30 a.m. at the Lord Baltimore Hotel, 20 West Baltimore Street, Baltimore, MD 21201.

On February 11, the GBC is hosting the Breakfast Briefing, "What the Affordable Care Act Means for You." Join a panel of insurance industry experts for a discussion about recent developments in the Affordable Care Act (ACA) and what they mean to businesses of all sizes. This event will begin at 7:30 a.m. at the GBC Office, 111 South Calvert Street, Suite 1700, Baltimore, MD 21202.

On February 20, the GBC is hosting a Breakfast Briefing, "Baltimore's CitiWatch Surveillance Camera Program - It's Role in Law Enforcement." This event will begin at 7:30 a.m. at the GBC Office, 111 South Calvert Street, Suite 1700, Baltimore, MD 21202.