



GREATER BALTIMORE COMMITTEE

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



State House Update

February 18, 2020

Message to Members

On February 12, 2020, the Greater Baltimore Committee (GBC) sponsored a press conference in Annapolis to highlight strong regional coordination on transportation and issue a call for greater State investment. The GBC was joined in the press conference by leaders of Howard County, Anne Arundel County, Baltimore County, and Baltimore City, including Howard County Executive Calvin Ball and Anne Arundel County Executive Steuart Pittman. Baltimore Mayor Jack Young and Baltimore County Executive Johnny Olszewski were scheduled to attend but were called away because of the shooting of two officers of their police forces.



Among the initiatives discussed at the event was the GBC's support for [Senate Bill 424](#) and [House Bill 368](#), entitled the *Maryland Transit Administration - Funding (Transit Safety and Investment Act)*. The Senate bill is sponsored by Senator Craig Zucker and has 12 co-sponsors. The cross file of the bill is sponsored by Delegate Brooke Lierman and has 38 co-sponsors. The bill requires an appropriation in the Transportation Trust Fund of at least \$500 million per year for Maryland Transit Administration's (MTA) capital needs over the next five years, roughly \$120 million on average more per year than currently funded in the six-year capital budget. The bill would also prohibit reductions in operating budgets at MTA during that same time period.

A robust, interconnected, and well-maintained transit system is a priority of

employers in the Greater Baltimore region and a well-rounded transportation network starts with balanced investments. This is vitally important to economic competitiveness, congestion mitigation, and connecting workers to jobs throughout the region.

Currently, the Maryland Department of Transportation's (MDOT) Consolidated Transportation Plan (CTP) contains a reduction to MTA funding by more than \$300 million over the next six years. This level of appropriation would leave transportation inadequately funded in the Greater Baltimore region. The Washington, D.C. region of Maryland is slated to receive considerable funding for the construction of new road and bridge projects aimed at reducing commuter congestion. The GBC supports a superior transportation infrastructure but urges a balanced approach to transportation policy and funding.

Please join the GBC and leaders in the Greater Baltimore region by supporting these initiatives and equity in regional funding priorities.

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



Donald C. Fry
President and CEO

Education Reform Legislation Scheduled for Hearing

[SB 1000/HB 1300](#) -- *Blueprint for Maryland's Future – Implementation* have been introduced as the final legislative step in implementing the recommendations of the Commission on Innovation and Excellence in Education (the Kirwan Commission). The GBC is supportive of the intent and goals of the Kirwan Commission recommendations as a highly-skilled and prepared workforce is integral to a competitive business environment and job creation.

The cross filed bills had a joint hearing on February 17, 2020 before the Senate Education, Health and Environmental Affairs Committee, Senate Budget and Taxation Committee, House Appropriations Committee, and House Ways and Means Committee. The GBC submitted testimony in support of the bills and emphasized a number of concerns and suggested amendments consistent with four guiding principles:

1. Strong accountability to ensure that public dollars are spent appropriately and goals are being met
2. The local phase-in of financial contributions must be smooth and reasonably achievable by all subdivisions
3. Opposition to reliance on any revenue source that would make Maryland less competitive for business, including increase of business taxes or the elimination of effective business tax credits
4. In the event of an economic downturn or if full funding is not available, the legislation should establish a prioritization of the five policy areas

The GBC will advocate for changes in the bills consistent with these principles.

Business Tax Credits and Taxes Receiving Legislative Scrutiny

Some legislators are expressing skepticism with Maryland's tax structure and business tax credits. They have introduced a myriad of legislation seeking to raise taxes or eliminate incentives, many of which had hearings on February 12, 2020 in the House Ways and Means Committee. In total, the GBC opposed seven bills that either sought to raise taxes on businesses or eliminate business tax credits.

The GBC recommended the creation of a commission to study the concerns. Instead of a piecemeal approach that would harm Maryland's business climate and competitiveness, the GBC recommended that policymakers, with input from stakeholders in the business community, study tax policy and business tax credits in a thoughtful and comprehensive manner.

The GBC testified that effective business tax credit programs are vital economic development tools that play an important role in Maryland's efforts to attract and retain businesses and jobs, leverage investments, and grow economic activity in every region of the State while costing taxpayers roughly .01% of the State's annual budget. The GBC also opposed potentially damaging changes to Maryland's tax structure, citing competitiveness concerns and the uncertainty that these proposals create for the businesses affected by the changes.

The GBC supported legislation to create the Commission on Tax Policy, Reform, and Fairness, which would study the current revenue structure of the State, including income, sales, corporate, motor fuel, excise, and property taxes, tax exemptions, tax credits, and fees and make recommendations on or before December 1, 2021. The GBC is named in the legislation as a member of this commission.

Proposals that seek to eliminate incentives or raise business taxes are often inconsistent with key tenets contained in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth. The legislative proposals heard this week are inconsistent with a number of these pillars:

- **Tax structure that is fair and competitive.** Maryland's tax policy must be perceived by business as being competitive and devoid of elements that unreasonably target specific businesses or business sectors.
- **Strategic and effective state investments in business growth.** The state must commit to substantive strategic investments, leverage with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.
- **Competitive costs of doing business.** Public policies must reflect a government predisposition to nurture business growth and to avoid arbitrarily or disproportionately imposing additional overhead upon the business sector.
- **Government leadership that unites with business as a partner.** Maryland leaders must set a welcoming tone that communicates positive support for business, respect for the private sector as a partner, not an adversary, and reflects a strategic plan for business growth and job creation.

For these reasons, the GBC opposes piecemeal efforts to raise business taxes

or eliminate business tax credits without a more deliberative process that includes stakeholders.

GBC Testimony in Annapolis

The GBC has a full-time advocacy presence in Annapolis representing the interests of its members. During the week of February 10, the GBC weighed in on a number of bills, including the following:

Supported

- **HB 404 -- Economic Development Programs - Data Collection and Tracking - Minority Business Enterprises:** Requires the Department of Commerce to include information related to minority business enterprises (MBEs) in its annual consolidated report on economic development programs.
- **HB 548 -- Career and Technology Education - Training in Soft Business Skills:** Requires public school career and technology education (CTE) programs to include training in soft business skills.
- **SB 389 -- Economic Development - Maryland E-Innovation Initiative Program - Extension and Alterations:** Extends the Maryland E-Innovation Initiative Program and requires the Governor to include in the annual budget bill a \$12,500,000 appropriation to the Maryland E-Innovation Initiative Fund for fiscal years 2022 through 2026.
- **SB 397 -- Sales and Use Tax and Personal Property Tax - Exemptions - Data Centers:** Provides a sales and use tax exemption for the sale of qualified computer technology for data centers. The sales and use tax exemption applies to purchases of computer equipment, software, servers, routers, connections, mechanical systems, and power supply equipment.

Supported with Amendment

- **SB 302 -- Joint Committee on Workforce Development:** Creates a new joint legislative committee to oversee workforce development in Maryland. The GBC recommended an amendment that expands the committee to include experts from the private sector of academic and not just members of the Maryland General Assembly.

Opposed

- **HB 222 -- Income Tax Rates - Capital Gains Income:** Imposes an additional 1% State income tax rate on the net capital gains included as part of an individual's Maryland taxable income.
- **HB 223 -- End Ineffective Business Subsidies Act of 2020:** Terminates or ceases the growth or expansion of many of the State of Maryland's economic development programs, including the Enterprise Zones program and One Maryland Economic Development Tax Credit.
- **HB 473 -- Corporate Income Tax - Throwback Rule:** Applies a "throwback" rule in determining whether sales are considered in the State for purposes of the State's corporate income tax apportionment formula.
- **HB 507 -- Income Tax - Pass-Through Entity - Additional Tax:** Imposes a State tax on income distributed to members of pass-through entities from the pass-through entity's taxable income exceeding

\$1,000,000.

- **HB 565 -- Income Tax - Business and Economic Development Tax Credits – Termination:** Terminates or ceases the growth or expansion of many economic development programs, including the Enterprise Zones, Regional Institution Strategic Enterprise Zones, One Maryland Economic Development Tax Credit, Opportunity Zone Enhancement Program, and the Maryland Biotechnology Investment Tax Credit.

For an up-to-date account of the GBC's efforts in Annapolis during the session, visit our [legislative tracking page](#). The legislative tracking page contains the GBC's positions on priority legislation, including testimony.

GBC'S 2020 LEGISLATIVE PRIORITIES

[GBC's 2020 Legislative Agenda](#)

MARYLAND GENERAL ASSEMBLY

[General Assembly Website](#)

Commentary by GBC President and CEO Donald C. Fry

[Click here](#) to listen to Don Fry's commentary, "A Winning Bet for Maryland Horse Racing," on WBAL NewsRadio, posted on February 18, 2020.

Upcoming Dates of Interest

On [March 4](#), the GBC is hosting a Newsmaker Breakfast with Baltimore Police Commissioner Michael Harrison. This event will begin at 7:30 a.m. at the GBC Office, 111 South Calvert Street, Suite 1700, Baltimore, MD 21202.

Join the GBC on [May 11](#) for its 65th Annual Meeting, the state's premier business event of the year. To become a sponsor or to purchase tickets, please contact [Lisa Byrd](#), Director of Events and Business Development, at 410-727-2820, ext. 40.

[FIND AN EVENT](#)

STAFF CONTACTS

Donald C. Fry

President & CEO
410-727-2820 ext. 12

Brian Levine

Senior Vice President of Government Relations
410-727-2820 ext. 44

Teresa Milio Birge

Senior Policy Analyst and Special Assistant
410-727-2820 ext.19

Adrea Turner

SPONSORS

Ambassador



Signature



Connect with GBC:

