State House Update
February 24, 2020

Message to Members

On February 20th, I was in Annapolis to testify in support of Senate Bill 907 -- Public Safety - Crime Plan and Law Enforcement Councils (Maryland State Crime Plan). This bill, sponsored by Senate Judicial Proceedings Chair William Smith, establishes the Law Enforcement Coordinating Council within the Department of State Police to reduce crime by coordinating and focusing State resources to ensure interagency communications and intelligence sharing. While Senate Bill 907 is one of many public safety bills being considered during the 2020 legislative session, the Greater Baltimore Committee (GBC) contends that Senate Bill 907 is one of the most pivotal.

Requiring increased coordination of law enforcement agencies is a priority of many advocates, including the GBC. A key item in the GBC’s 2020 Legislative Priorities provides that policymakers should strive to “improve public safety through enhanced coordination among criminal justice agencies and implementation of comprehensive violence reduction strategies.” Senate Bill 907 accomplishes this priority by acknowledging that effective law enforcement requires shared intelligence between law enforcement agencies, patrol agreements across jurisdictions, and mutual aid among law enforcement agencies.

Coordination has proven to work. In fact, until its dissolution in 2017, the Criminal Justice Coordinating Council, a State-funded consortium of public safety leaders, including prosecutors, state officials, judges, and police, allowed for significant coordination and positive outcomes. The GBC argues that creating a State-level coordination council, with a focus on crime strategy, aligns with its priorities and the greater mission of improving public safety.

In conclusion, Senate Bill 907 is a pivotal piece of legislation that addresses the need for enhanced coordination among law enforcement agencies. Its passage would significantly contribute to the reduction of crime in Maryland and improve public safety statewide.
can be even more effective in reducing violent crime.

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

Sincerely,

Donald C. Fry
President and CEO

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**Sweeping Sales Tax Proposal Introduced at Session’s Halfway Point**

In a bill introduced at the halfway point of the 90-day legislative session, Democratic leaders in the House of Delegates are proposing significant changes to Maryland’s tax structure. [House Bill 1628](https://example.com) -- *Sales and Use Tax – Rate Reduction and Services*, sponsored by Majority Leader Eric Luedtke and co-sponsored by the chairs of the Ways and Means Committee, Economic Matters Committee, and Appropriations Committee, will likely receive consideration in the House.

House Bill 1628 proposes a one percentage point reduction of the current 6% sales tax, but would also expand the sales tax to virtually all services. The bill defines “taxable service” as “any activity engaged in for a buyer for consideration.” The bill excludes taxing educational services, health care assistance services, services provided by religious organizations, and various social or non-profit services.

The sales and use tax is estimated to generate $4.951 billion in Fiscal Year 2020, according to the Board of Revenue Estimates. Initial estimates indicate that a broad sales tax on services as proposed in this bill would generate up to $1.1 billion in new revenue in the first year and increase to $2.6 billion annually by Fiscal Year 2025. The bill’s advocates state that the increased revenue would be used to fund education reform recommended by the Kirwan Commission.

Expanding the sales tax to services has been frequently debated in Annapolis, but agreement has proved difficult. Many agree that Maryland taxes an economy of the past based on the consumption of goods, but not services. Many states tax services, but most do not tax all services. In the 2007 special session of the Maryland General Assembly, several services were proposed for taxation, but legislators eventually passed only a sales tax on computer services. Due to an outcry from the business and technology community, legislators repealed the tax during the 2008 regular session prior to the tax’s effective date. Since then, there have been few serious efforts to apply a sales tax to more services in Maryland.

The GBC does not believe it is prudent to alter the State’s tax structure based on a concept advanced at the halfway point of a 90-day session. Massive tax policy change should not be rushed. The better approach would be to establish a State tax commission to study the current tax code, examine its effectiveness in light of today’s changing economy, and then propose appropriate changes with enough time for public notice and all due consideration.
The GBC has a full-time advocacy presence in Annapolis representing the interests of its members. During the week of February 17, the GBC weighed in on a number of bills, including the following:

**Supported**

- **SB 907 -- Public Safety - Crime Plan and Law Enforcement Councils (Maryland State Crime Plan):** Establishes the Law Enforcement Coordinating Council whose purpose is to prevent and reduce crime by coordinating and focusing State resources and ensuring interagency communications and intelligence-sharing.

- **SB 574 -- District Court - Jobs Court Pilot Program:** Establishes the Jobs Court Pilot Program in the District Court to reduce recidivism by offering defendants an opportunity to participate in full-time job training and job placement programs as a condition of probation or as an alternative to incarceration.

- **HB 514 -- Maryland Small Business Innovation Research and Technology Transfer Incentive Program:** Establishes the Maryland Small Business Innovation Research and Technology Transfer Incentive Program to foster job creation and economic development in Maryland by promoting commercialization, facilitating technology transfer, and encouraging small business to apply for federal innovation grants.

- **HB 521 -- Maryland Small Business Innovation Research Technical Assistance Program – Establishment:** Establishes the Maryland Small Business Innovation Research Technical Assistance Program to provide technical assistance to small businesses in Maryland to apply for federal innovation grants and provide training assistance and assessments through the early phases of development.

- **HB 1004 -- Department of Juvenile Services - Juvenile Strategic Reentry Program:** Requires the Maryland Department of Juvenile Services to establish a Juvenile Strategic Reentry Program for children committed to their custody, which aims at reducing juvenile recidivism.

**Supported with Amendment**

- **HB 765 -- Maryland Tax Reform Commission:** Creates the Maryland Tax Revision Commission, which would analyze the State’s current tax systems, propose solutions for meeting future revenue needs, identify economic activities that benefit from tax policy, and make recommendations regarding tax credits and tax structure. The GBC requested an amendment to add representatives from the business community.

- **SB 1000/HB 1300 -- Blueprint for Maryland's Future - Implementation:** Codifies the policy recommendations of the Commission on Innovation and Excellence in Education, adopts funding formulas and requirements for education, and creates a new government infrastructure to oversee implementation of the plan. The GBC outlined five guiding principles of support: (1) carefully examine whether the creation of a new oversight board is duplicative of existing state entities or does not authorize excessive powers; (2) ensure that the increased funding required of local jurisdictions is gradual and consistent over the ten-year phase-in period and set at a level that, considering the financial stability of each subdivision, is achievable by all jurisdictions; (3)
establish a prioritization of the five policy areas should there be an economic downturn or other extraordinary circumstances that would preclude full funding of the entire program; (4) change to the State’s tax structure to provide revenue for education reform must not make Maryland less competitive for business; and (5) include a severability clause.

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

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**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.

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**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](mailto:), Director of Events and Business Development, at 410-727-2820, ext. 40.

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**FIND AN EVENT**

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