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HEADLINE: Subcommittee restores film credit, keeps tuition freeze

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ANDY ROSEN Daily Record Business Writer March 19, 2009 7:37 PM ANNAPOLIS — A House subcommittee voted Thursday to spare several economic development programs — albeit with reduced funding for some, reviving an incentive for film production in the state, cutting a biotechnology investment program and keeping money for stem cell research.

The House Appropriations Subcommittee on Education and Economic Development completed its review of Gov. Martin O'Malley's budget, making more than \$150 million in reductions to the fiscal 2010 spending plan. The full House Appropriations Committee will consider the budget Friday, taking recommendations from education and economic development, as well as three other spending panels.

The subcommittee partially reversed a Wednesday decision to cut the state's film production tax credit, which provides rebates to producers who make movies and television shows in the state. The committee initially approved a measure to remove \$2 million from the program, but on Thursday restored \$1 million.

The panel decided to keep in place a \$15.5 million in-state tuition freeze at the state's public colleges and universities, one of O'Malley's top budget priorities. The state also cut public funding for private colleges, and gave community colleges across the state slight increases.

Del. Melony G. Griffith, D-Prince George's, made the motion to put the film credit money back " at least to send a message that we're not trying to do away with what was a strong legislative proposal adopted by the General Assembly some time ago."

The subcommittee had also been considering a wholesale elimination of the state's \$6 million tax credit for biotechnology investment, designed to encourage people to buy into state biotechnology companies. The committee decided in the end to cut \$2 million from the program. Industry groups had come to Annapolis Thursday to lobby for the extension of the program.

The state's stem cell research fund made it through the subcommittee unscathed. Legislative budget analysts had recommended that the \$18.4 million budget item be reduced to \$5 million.

Chairman John L. Bohanan Jr., D-St. Mary's, said the decision to keep the biotechnology programs in place was motivated by a desire to stay competitive with other regions of the country and draw growing industries.

"It's an emerging industry that Maryland has gotten a foothold in, and we want to maintain our position," Bohanan said. He also said film industry advocates had been among the most vocal groups during the budget process.

The industry argues that Maryland will not be able to compete with other states that offer larger incentives if it does not dedicate more to the program, and will have trouble drawing productions.

Donald C. Fry, president and CEO of the *Greater Baltimore Committee*, which has advocated for the programs, said he hopes legislators will recognize the importance of life sciences as the budget process moves forward.

"Life sciences, biotechnology is clearly one of the emerging

industries that Maryland is beginning to be recognized as a leader in, and it's critically important that we do

everything we can to maintain these programs intact," Fry said.

Early in the day, Marty Zug, chief financial officer at Sequella Inc., said the program was critical to drawing investment into firms like his, many of which have come to depend on the credits. Sequella, based in Rockville, is a biopharmaceutical company.

"It really changes the dynamic with an investor," he said. "I have investors who will invest with the tax credit, and who would not invest without it."

The subcommittee's decisions are not final. The full Appropriations Committee is likely to make more cuts tomorrow. The Senate will review the budget next, and could attempt additional reductions or to restore some spending.

Highlights: Greater Baltimore Committee