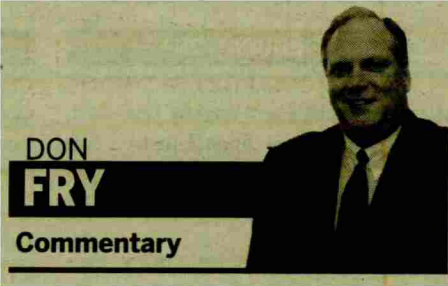


## A business climate checklist for state leaders



For Maryland, next year is an election year – a time when leaders in Annapolis do not traditionally look to enact measures that either cause controversy or bring them close to the third rail of election politics – taxes.

The General Assembly is not expected to seriously consider any major new taxes next year. But Maryland lawmakers, nevertheless, have a lot on their plates that could impact the state's business climate.

Here's a checklist of priority business-climate issues to watch.

• **Transportation.** Mobility is a major element of any strong business climate. Here are three key transportation issues facing Annapolis office holders:

1. Overall infrastructure funding. Are Maryland's leaders prepared to pay serious attention to strengthening revenue to the state's Transportation Trust Fund to address the more than \$40 billion backlog of road, transit, port and airport projects that are planned but not yet funded for construction?

A private-sector Greater Baltimore Committee task force expects to issue recommendations and the General Assembly is considering putting together a panel of lawmakers to gauge options for increasing revenue to the fund.

2. Transit funding. Advocates will be watching the state's efforts to gain federal funding for two planned light rail projects – Baltimore's 14-mile Red Line and a 16-mile Purple Line in Montgomery County. They will also be tracking the degree of funding commitments to the two projects in the

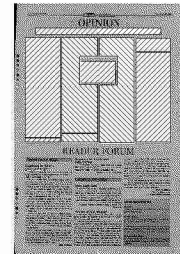
state's next six-year Consolidated Transportation Program, the draft of which should be issued this fall.

3. **Base Realignment and Closure (BRAC).** Is the state making sufficient progress on the needed improvements to highways, intersections, and transit serving Fort Meade, Aberdeen Proving Ground, and other federal facilities where BRAC-related growth will occur?

Maryland has allocated \$95 million for intersection improvements near BRAC-impacted facilities, but may need at least \$315 million more for BRAC transportation projects, according to a recent federal report. Gov. Martin O'Malley announced last week that the state will seek \$128 million in additional federal stimulus funding for BRAC-related improvements. Will our roads and transit be ready by 2011 for up to 15,000 additional commuters generated by BRAC?

• **Bioscience development.** Development of Maryland's bioscience industry is generally regarded as a major driver of our state's future economy. Will state leaders, despite the recession, be able to find ways to strengthen investment tax credits and other incentives for bioscience development?

Gov. O'Malley has a plan to quadruple available biotech investment tax credits by 2013 and to invest more than \$1 billion in bioscience industry



development over 10 years. Other elements of his plan include expanding support for biotech incubators, stem cell research, state venture investment, and Maryland's nano-biotechnology initiative.

Because of the recession, Gov. O'Malley could not keep his pledge to double the amount of available bioscience investment tax credits in 2009. Will he and lawmakers be able to get this important bioscience strategy back on track?

- **Energy.** Energy availability and cost, fundamental issues for any business climate, will be impacted by how Maryland's leaders deal with proposals to re-regulate electricity that are expected

to surface again in the 2010 General Assembly.

Paradoxically, many in Annapolis who favor re-regulating electricity also support aggressive private-sector development of alternative energy sources in Maryland. They understand that the levels of innovation and investment required to develop meaningful alternative energy sources can only come from the private sector.

This leaves open the question of how much private-sector interest there would be in investing millions to develop alternative ways to generate a product if its market price will be tightly regulated by government.

- **Education.** Work force development derives from Maryland's education resources, which are strong. Nevertheless, how resourcefully will the state's K-12 and higher education institutions deal with the recessionary effects on their funding?

Another issue requiring attention is how to reduce the number of high school graduates who must take remedial courses in college. Currently, 30 percent of Maryland high school col-

lege prep graduates need remedial math in college, and 12 percent need to take remedial English.

- **State fiscal management.** Amid the recession, how will Maryland leaders resolve the state's lingering structural deficit issues and how might their solutions impact our business climate and economy – the ultimate sources of state revenue?

These are just a few business-climate issues facing Maryland policymakers. There are many more, including minority- and women-owned business development, the environment, public safety, marketing the state as a place to do business, historic preservation, and the elephant in the room that Maryland policymakers too often get defensive about – taxes and regulation.

The election year and recession notwithstanding, a fundamental issue is whether leaders in Annapolis can begin to shed longstanding preferences for traditional tactics of the moment and, instead, work toward developing a consensus about specifically what our state's long-term priorities are and how our limited resources should be applied to them.

If Maryland is to emerge competitively from the recession, strengthening and maintaining a strong business climate must be high on the priority list.

**Donald C. Fry, president & CEO of the Greater Baltimore Committee, writes a monthly column for The Daily Record. His e-mail address is [donaldf@gbc.org](mailto:donaldf@gbc.org).**