

GBC 2006 LEGISLATIVE AGENDA

BUSINESS AND ECONOMIC DEVELOPMENT

Eminent Domain

The recent decision by the Supreme Court in **Kelo v. New London** determined that the “public use” provision of the takings clause of the 5th Amendment permits the use of eminent domain for economic development purposes that provide a “public benefit” pursuant to a Connecticut statute. At the same time, the court acknowledged that nothing in its decision precludes a state from placing further restrictions on the use of eminent domain. This decision has state legislatures re-examining their laws regarding government’s ability to condemn private property for economic development purposes. States such as Alabama have already passed laws that would prohibit eminent domain for economic development. Many Maryland legislators have begun drafting bills that would place restrictions on this government function.

Eminent domain as it has been applied in Maryland is a sound government policy designed to curb blight by allowing government to take proactive steps to redevelop. Many innovative projects in the Baltimore region’s history, such as the Charles Center and Inner Harbor redevelopment projects, would not have occurred without eminent domain authority. **The GBC strongly opposes any legislation that would inhibit this authority and has identified this issue as one of the top legislative priorities for the 2006 session.**

Minority and Women-Owned Business Development

The GBC’s Bridging the Gap initiative, now in its third year, is designed to evolve the business culture of Greater Baltimore by developing and fostering relationships between majority and minority and women-owned businesses. Through this program, the GBC not only promotes the inclusion of minority and women-owned businesses in emerging business opportunities, but also develops policies to address the untapped growth potential of this community.

A 2004 study prepared on behalf of the GBC identified that this region could add more than \$5 billion in increased annual sales and create 32,000 jobs if the number of minority and women-owned businesses relative to the population of the Baltimore region were in proportion to other regions of its size. **The GBC supports legislative efforts designed to foster economic growth**

for minority and women-owned businesses, recognizing the surge of profitability and job growth that would occur through efforts to grow these businesses.

Economic Development through the use of Tax Credits

- ◆ **Biotechnology Investment Tax Credit:** Last session the General Assembly passed legislation that created a tax credit for investments made in a biotechnology or venture capital company. Although the legislation passed, no predictable funding mechanism was included with the program. Other minor changes to the legislation are also needed. The GBC has identified support for life sciences investment as one of its three top priorities. Tax credits are sound investment tools used to spur economic growth in new and emerging technologies and businesses. However a defined funding source is critical for companies to take advantage of the program. **The GBC strongly supports dedicating \$20 million in the budget for this program.**
- ◆ **Research and Development Tax Credit:** The R&D tax credit, capped at \$6 million per year, was reinstated during the 2005 session. The R&D tax credit is an important tool to attract and retain technology, manufacturing and other businesses in Maryland. Technological innovation is a major factor that drives economic growth. Research shows that high-tech jobs often pay 75 percent more than non-high-tech jobs. States are quick to compete for such businesses. At least 34 states have their own versions of the R&D credit, with many states offering a “piggy-back” credit on the amount of a firm’s research expenditures that qualify for the federal R&D credit. **The Maryland legislation introduced last year recommended a doubling of the credit to \$12 million per year and the GBC urges the adoption of legislation this session that raises the credit cap from \$6 to \$12 million.**
- ◆ **Heritage Structure Rehabilitation Tax Credit:** In 2004 this tax credit was reinstated, however significant changes were made to the law that negatively affected jurisdictions such as Baltimore City, which have effectively used the tax credit. The total cap for the commercial tax credit was increased from \$15 to \$25 million, however, no county or Baltimore City may take more than 50 percent of the total credit amount. These changes place additional hurdles on developers wishing to rehabilitate historic structures. **The GBC supports legislation to remove this restriction on jurisdictions such as Baltimore City that are unfairly penalized.**
- ◆ **Life Sciences and Technology Research Tax Credit:** The life sciences industry continues its strong growth not only in the Baltimore region, but also across the state.

Almost every county has received significant economic development opportunities from this successful industry. **The GBC proposes a new investment in this burgeoning industry and will support the creation of a tax credit for technology businesses that locate at research parks connected with institutions of higher education in Maryland.**

Life Sciences Funding

The development of the Life Science and Technology Park at Johns Hopkins and the University of Maryland Baltimore BioPark, in concert with the already successful biotechnology park at the University of Maryland Baltimore County has begun to position Central Maryland as a top region for life sciences. **The GBC supports the continued State investment in these economic development institutions and urges the state to recognize the business opportunities for the region and the state that these parks represent.**

Nanotech-Biotech Initiative

The University System of Maryland has proposed that the state support a new Maryland Integrated Nano-Biotechnology Initiative, which will leverage state investment at the research universities with significant support from the federal and corporate sectors. This integration of nanotechnology and biotechnology will spur economic development in the region and the state in the next few years. Nanotechnology will change the way we create and use materials, chemicals, machines, computers, diagnostic and therapeutic products, environmental systems, and even the systems that drive our national security and homeland defense through micro-surveillance and bio-detection systems. **The GBC is in strong support of this next phase of capitalizing on our investment in life sciences through this new initiative.**

Base Realignment and Closing (BRAC)

The federal government recently completed its review process as to which military operations would be consolidated throughout the country, and the Baltimore region will be the recipient of tens of thousands of additional military and civilian employees at Aberdeen Proving Ground in Harford County and Ft. Meade in Anne Arundel County. In addition to the jobs that the region will receive, the entire region is expected to benefit from the housing and other itinerant needs of the population.

While this is an extraordinary economic development opportunity for the region and the state, many policy issues such as land use and transportation decisions will need to be addressed on both the state and local levels. **The GBC is working closely with the economic development officials in the region and urges the state legislature to begin a close examination of the public policy implications for the region and the state.**

REGIONAL TRANSPORTATION AND MOBILITY

Baltimore Regional Transit Plan

The state has continued its investment in the planning and design phases of the first stage of the Baltimore Regional Transit Plan, the construction of the proposed east-west Red Line from Woodlawn to Fells Point and to begin planning an extension of the existing Metro Green Line. This continued funding schedule places the Red Line project toward an initial construction date in 2010. This plan would provide a highly efficient and cost effective transit network in the Central Maryland region. However, the current Consolidated Transportation Plan shows that even in the wake of a 2004 transportation revenue increase, there is a 22 percent decrease in funding for MTA through fiscal year 2011.

The GBC is concerned that this under-funding of transit will not only negatively impact system maintenance and preservation, but also weaken public confidence in transit, thereby jeopardizing the success of the Red and Green Line projects. **The GBC urges the legislature to take a close look at transportation funding to ensure that state investments in transit are properly maintained and designed to provide the transit rider with the best quality service possible.**

Transportation Trust Fund

In 2003, the Governor and General Assembly borrowed \$315 million from the State Transportation Trust fund to balance the operating budget deficit. The state has since begun paying back this transfer at a rate of \$50 million per year. Due to this transfer of funds, important transportation projects in this region are behind in the planning, development and/or construction process. **Since the state is in a significantly better fiscal position, with a one-time surplus estimated at \$1.05 billion in the current budget, the GBC supports an acceleration of the repayment of the monies borrowed from the Transportation Trust Fund.**

HEALTH CARE

Increased Access to Health Care

Legislation that would have applied a 1 percent surcharge on the income tax of an individual without health insurance but who earns \$55,900 or more, was considered but failed last session. The bipartisan sponsors of that legislation will introduce this bill again in 2006. Studies have identified that as many as 600,000 Marylanders are uninsured. Studies have also shown that one-third of those uninsured are persons who can afford to purchase health insurance but elect not to.

Many of that number are young, relatively healthy individuals who make personal choices to take the risk not to have health insurance.

When these individuals get sick or are injured, they often present themselves to the hospital emergency room or go without receiving health care. Both of these actions increase the cost of health care for the entire system. This bill would not only provide increased access to health insurance and health care for those who cannot afford it, thereby lowering the number of uninsured, it would also encourage those who can afford to purchase health care to do so. **The GBC supports this legislation and feels that this is an appropriate step toward reducing the number of uninsured while directly targeting those who are driving up the cost of health care for all Marylanders.**

Commission on Health Care Workforce Shortages

As the health care industry continues to grow in this region and the state, experts have identified significant workforce shortages in many health care fields, such as pharmacy, lab technicians, nursing and other critical industry sectors. **The GBC has met with Delegate Peter Hammen, chair of the House Health and Government Operations Committee, and is working to create legislation that would set forth a commission that would make immediate recommendations and strategies to fill these unmet workforce needs.**

Stem Cell Research

Recently, California authorized \$3 billion in state funds over 10 years to be used to promote stem cell research in that jurisdiction. The GBC recognizes that Maryland is not capable of a similar financial commitment, however, as the state positions itself as a leader in life sciences development, the state must demonstrate support for this leading-edge research that is capable of solving some of the greatest health care problems in the world.

The threat of the loss of medical researchers to other states more receptive to stem cell research could negatively impact our regional economy and the state's interest in stem cell research. **The state should adopt legislation that would provide funding for the capital and/or operational components of stem cell research.**

PUBLIC SAFETY

Drug Treatment Funding

As more data is collected regarding drug treatment and incarceration rates, recidivism, and other public safety issues, it is clear that providing adequate drug treatment reduces criminal activity. More than 85 percent of those incarcerated are in jail as a result of criminal activity associated with

a substance abuse problem. The GBC Health Care and Public Safety and Legal Affairs committees have both identified drug treatment funding as a priority for this region's health and welfare. The GBC has met with legislative leaders who are committed to not only increasing funding for drug treatment, but also increasing the number of drug treatment slots. **The GBC continues to support the Governor and General Assembly's efforts in providing increased funding and treatment slots for the growing numbers of persons with substance abuse problems.**

Re-integration of Ex-Offenders

This year, more than 9,000 ex-offenders will be released from correctional institutions in Maryland, and most will return to neighborhoods in the city and the surrounding counties. This session, legislation will be introduced to ease the transition of ex-offenders back into their communities. The GBC Public Safety and Legal Affairs Committee has closely studied this issue and supports efforts to assist this population to become productive members of society.

The GBC has worked closely with the Commission on Ex-Offender Re-integration, the Baltimore Workforce Investment Board and the Mayor's Office of Employment Development on this issue and **supports efforts to remove barriers to employment and financial stability, such as increasing the number of drug treatment options for ex-offenders both behind the fence and following release, and programs and policies designed to assist ex-offenders with job and life skills training.**

Shock Trauma Funding

The Shock Trauma Institute located at the University of Maryland Medical Systems is recognized as one of the premier trauma centers in the world. The R Adams Cowley Shock Trauma Building was initially funded with 100% State funding in the late 1980's. Its role, to serve at the pinnacle of Maryland's emergency medical system, is clearly established in state law. Today, Shock Trauma treats slightly more than double the patients it was built to serve. With the growth that is slated for Central Maryland and the rest of the state it is likely to experience considerable pressure in future years. It is vital for not only our health care services, but for regional public safety, that the Shock Trauma Institute and the emergency medical system continues to maintain its current level of service and be well-prepared for future growth. **The GBC strongly supports state support for Shock Trauma so that it can remain at the cutting edge of medical technology and urges the General Assembly to permanently codify appropriate funding levels, including capital investment, to keep with the rising demand from a growing population, for this critical care system.**

EDUCATION

Teachers' Incentive Tax Credit

This region, like most jurisdictions in the state, has suffered from a lack of a qualified teacher pool in subject areas such as math and science. Studies have shown that science, math, and technology teachers can earn more money in the private sector. Additionally, it is widely recognized that the challenge and difficulty associated with teaching in the inner city schools plays a significant role in teacher shortages. **The GBC will recommend and support legislation that would provide tax credits for teachers who commit to teach for a number of years in jurisdictions with challenged schools or in the math, science and technology fields.**

Higher Education Funding

Last year Governor Ehrlich committed to a modest increase in funding for higher education. Our higher education system is the single critical component of business development, for it is this system that provides a highly skilled, highly educated workforce needed to meet the employment requirements of businesses in the region and the state. **The GBC, in conjunction with other business organizations, will continue to make the business case for significant funding support of our public and private higher education system in Maryland.**

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