

We Work For You

The 2013 session of the Maryland General Assembly is upon us and the legislature will be taking up a number of issues that impact the technology and biotechnology communities. Issues like tax climate, transportation, economic development incentives, higher education and workforce will be debated over the 90 days of the session. TCM, the only tech council in Maryland that advocates and lobbies for the interests of innovative companies, will be in Annapolis full time working for you.

TCM's Advocacy Team

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The Tech Council of Maryland

TCM is Maryland's largest technology and life science industry association. Our membership consists of 400 innovative companies and includes government, academia and service providers. TCM's mission is to create an environment where Maryland's most innovative companies can collaborate, grow and succeed. Through TCM's two divisions, MdTech and MdBio, we work on behalf of our members by providing public policy advocacy, educational opportunities, peer to peer networking events, cost saving programs and access to key players in Maryland. TCM is also able to serve the technology and life science communities through assets like the Maryland Health Care Product Development Corporation, which provides early-stage investment in biomedical technologies and the MdBioLab program, which is a mobile bioscience laboratory that visits Maryland high schools to teach science literacy.

TCM 2013 Policy Platform Top Priorities

- Raise cap on the Research and Development Tax Credit from \$6 million to \$18 million and allow not yet profitable companies to participate.
- Increase funding for the Biotech Tax Credit from \$8 million to \$16 million.
- Expand programs that enhance tech-led economic development such as InvestMaryland and the Maryland Innovation Initiative.
- Create certainty for the technology and life science business community by opposing new corporate taxes or changes to the tax structure.

Governor O'Malley To Brief TCM Members at Annual Leadership Dinner

Maryland Governor Martin O'Malley will brief TCM members at the January 31 Leadership Dinner in Annapolis. This annual event is held to educate legislators about TCM's policy priorities. It also provides an avenue for TCM members to hear a keynote address from Maryland's top elected officials. If you haven't done so, go to techcouncilmd.com to register for this event.

FY2014 Budget Proposes Increases to Important Programs

Last week, Governor Martin O'Malley released the Fiscal Year 2014 budget for the State of Maryland. This budget will be debated during the 2013 session. The \$37.3 billion budget does not call for any tax increases and little in the way of major spending cuts. This marks a major difference with proposed budgets from recent years and reflects an improving economy and increased tax collections. The budget contains numerous items of interest to TCM members. First, the Governor's budget calls for a \$2 million increase in funding for the Biotech Tax Credit. This would bring the FY2014 funding to \$10 million. Second, pending passage of legislation that has yet to be introduced, the Governor's budget allocates \$3 million for a new Cybersecurity Tax Credit program based on the successful Biotech Tax Credit. Finally, the Stem Cell Research Fund is funded at \$10.4 million, which is the same as last year's budget request. For more details about the Governor's budget, [click here](#).

Transportation Funding and Other Priorities

There are a number of major issues to look out for during the 2013 session. These issues include topics, some controversial, like gun control, off-shore wind energy, fracking, death penalty repeal, health care reform, minimum wage increase and the referendum process. Another very controversial issue that is grabbing the headlines is how to increase funding for Maryland's Transportation Trust Fund, which is largely funded by a 23.5 cent gas tax that was set in 1992 and is not indexed to inflation. The recent Blue Ribbon Commission on Transportation estimated that Maryland needs to generate at least \$800 million more a year to have the ability to take on new road and transit projects. It is projected that in a several years, the Transportation Trust Fund will only have enough money to fund maintenance of the current transportation infrastructure. With congestion and infrastructure playing such an important role in growing the knowledge economy, TCM strongly supports increased revenues for the Transportation Trust Fund. Specifically, TCM supports a gas tax increase, which will be debated this session, and is always willing to consider other alternatives as well.

Bills To We Watch For You

The following are bills we are watching for you during the 2013 session of the Maryland General Assembly. The legislation is organized by topic and then by bill number. Each bill has a title, number (with a link to the General Assembly's website for more detailed information), sponsor, summary, status and TCM's position.

Technology/Biotechnology Legislation

Business and Economic Development - Enterprise Fund and Invest Maryland Program (SB 70)

Sponsor: Department of Business and Economic Development

Summary: Alters the uses and composition of the Enterprise Fund in the Department of Business and Economic Development (DBED). Authorizes DBED to acquire an ownership interest exceeding 25% when making an equity investment in one or more venture or private equity firms. Expands prohibitions to apply to a purchaser of tax credits under the Invest Maryland Program. Alters the date by which each venture firm and the Financing Authority shall report to DBED on investments.

Status: Referred to the Senate Budget and Taxation Committee. Hearing January 30.

TCM Position: Support. TCM is a strongly supports ensuring the success of the Investment Maryland program and supports these technical changes.

Commercial Law - Cancellation of Sales of Motor Vehicles and Internet Sales (SB 116)

Sponsor: Senator Benson

Summary: Requires businesses engaged in internet sales to provide the buyer with: (1) A fully completed receipt or copy of any contract that contains the date of the transaction and the name and address of the seller; (2) a statement that the buyer may cancel the internet sale until midnight of the third business day after the date of the sale and a description of how the buyer may cancel the internet sale; and (3) a description of how the buyer may return the consumer goods to the seller at the expense of the seller if the buyer exercises the right to cancel.

Status: Referred to the Senate Finance Committee.

TCM Position: Monitor.

Income Tax Credit - Qualified Research and Development Expenses - Credit Amounts and Small Business Refund (SB 203 / HB 386)

Sponsor: Senator King, et al / Delegate Barve, et al

Summary: Increases the annual cap for the Maryland Research and Development Tax Credit from \$6 million to \$18 million. Allows not yet profitable companies to utilize the Maryland R&D Tax Credit for the first time. Provides that specified unused credits may be claimed as a refund. Applies to the Maryland R&D Tax Credits certified after December 15, 2013.

- Develop and implement long-term, stable funding solutions for Maryland's transportation infrastructure and higher education system.

The 2013 Policy Platform outlines TCM's legislative and budget priorities for Maryland. The document is shared with important policymakers and is the foundation for our advocacy efforts in Annapolis. To read the complete 2013 TCM Policy Platform, [click here](#).

TCM Government Relations Committee

The Government Relations Committee provides guidance and leadership to TCM's advocacy efforts during the legislative session and throughout the year. If you have any questions about TCM's advocacy efforts or wish to join the Government Relations Committee, please contact Brian Levine at 240-243-4044 or [email](#).

Contact Your Elected Representatives

Especially during the legislative session, but even in between sessions, it is important for members of TCM to contact their legislators in Annapolis. Elected officials want to hear from their constituents about what is important to your business. To find out who your elected officials are, just type your home or work address in [this link](#). If you need any assistance, please contact [Brian Levine](#).

Key 2013 Session Dates

January 9 – General Assembly convenes

January 16 – Final date for Governor to introduce budget bill

January 22 – Senate and House bill request guarantee date

February 1 – Senate bill introduction date (Senate bills introduced after this date referred to the Senate Rules Committee)

February 8 – House bill introduction date (House bills introduced after this date referred to the House Rules and Executive Nominations Committee)

March 4 – Final date for introduction of bills without suspension of Rules

March 19 – Committee Reporting Courtesy Date (each Chamber's committees to report their own bills by this date)

March 25 – Opposite Chamber Bill Crossover Date (each Chamber to send to other Chamber those bills it intends to pass favorably)

April 1 – Budget bill must be passed by both Chambers

April 8 – General Assembly adjourns at midnight

Legislator Changes

There were some notable changes to the Maryland General Assembly for the 2013 session. Longtime District 45 (Baltimore City) Delegate Hattie Harrison passed away on January 28. A replacement will be named soon. In District 22 (Prince George's County), new Delegate Alonzo Washington replaces Justin Ross, who retired. In District 24 (Prince George's County), former Delegate Darren Swain replaces Tiffany Alston, who left the legislature after some legal issues. Delegate Guy Guzzone was made chairman of House Ways and Means Public Safety and Administration Subcommittee. Unfortunately, his promotion means the innovation community loses him on an important subcommittee that is responsible for hearing the budgets of DBED and TEDCO. Delegate Frank Turner was made Vice-Chairman of the House Ways and Means Committee, replacing Delegate Sandy Rosenberg. Delegate Eric Luedtke made Chairman of House Ways and Means Financial Resources Subcommittee. The rest of Senate and House leadership for both Democrats and Republicans remains unchanged.

Incentives Available to Maryland Companies

Check out the Maryland Department of Business and Economic Development's (DBED) [website](#) for incentives that may be available for your company. Also, take a look at the Maryland Technology Development Corporation's (TEDCO) redesigned [website](#). TCM strongly supports DBED's and TEDCO's budget every year during the legislative session and partners with them throughout the year on important economic development initiatives.

Status: SB 203 Referred to the Senate Budget and Taxation Committee. Hearing February 13. HB 386 referred to the House Ways and Means Committee. Hearing February 26.

TCM Position: Support. Increasing the cap of the R&D Tax Credit and allowing not yet profitable companies to participate are top priorities for TCM.

Consumer Protection - Television Service Providers - Missed Appointments (**SB 220 / HB 117**)

Sponsor: Senator McFadden / Delegate Branch, et al

Summary: Requires that if a television service provider does not begin an installation or repair service within the specified three-hour period, the subscriber shall receive installation free of charge or if a repair was scheduled, a credit or payment in an amount not less than the current charge for one month's basic television service.

Status: SB 220 referred to the Finance Committee. Hearing February 6. HB 117 referred to the House Economic Matters Committee. Hearing February 6.

TCM Position: Oppose. This bill may have the unintended consequence of harming telecommunications innovation and investment in Maryland.

State Government - Administrative Procedure Act - Effective Date of Adopted Regulation (**SB 261 / HB 16**)

Sponsor: Senator Young, et al / Delegate Branch, et al

Summary: Requires that adopted State of Maryland regulations be issued quarterly.

Status: SB 261 referred to the Senate Education, Health and Environmental Affairs Committee. HB 16 referred to the House Health and Government Operations Committee. Hearing January 31.

TCM Position: Monitor.

Maryland Health Progress Act of 2013 (**SB 274 / HB 228**)

Sponsor: Senate President / House Speaker

Summary: Alters certain eligibility requirements for the Maryland Medical Assistance Program. Requires the Department of Health and Mental Hygiene to implement certain provisions of federal health care law.

Status: SB 274 referred to the Senate Finance Committee and Budget and Taxation Committee. HB 228 referred to the House Health and Government Operations Committee.

TCM Position: Monitor.

Maryland Stem Cell Research Fund - Annual Report - Government Transparency Requirements (**SB 368**)

Sponsor: Senators Peters & DeGrange

Summary: Requires the Maryland Stem Cell Research Fund annual report to include: (1) information on the awarded a grant or loan; (2) the institution or company where each grant or loan recipient is employed; (3) the amount of money awarded to each grant or loan; (4) a description of the type of stem cell research performed by each grant or loan recipient; (5) the year each grant or loan was awarded; (6) the grant or loan number assigned to each award; and (7) if the funding period of a grant or loan recipient's award ended during the calendar year covered by the report, the results of the state-funded research, including the number of patients treated as a direct result of the research.

Status: Referred to the Senate Finance

Committee and Budget and Taxation Committee. Hearing February 14.

TCM Position: Oppose. TCM supports the Maryland Stem Cell Research Fund and believes this bill attempts to weaken the program.

Economic Development - Sickle Cell Disease Research Program (SB 384)

Sponsor: Senator Pugh

Summary: Establishes the Sickle Cell Disease Research program to be administered by the Maryland Technology Development Corporation (TEDCO). Establishes that the purpose of the program is to promote milestone-driven translational research using bone marrow and umbilical cord blood to develop cures for sickle cell disease and establish Maryland as a key location for sickle cell disease research and treatment. Establishes that the fund provides capital operating grants and loans to public and private entities in Maryland to develop cures for sickle cell disease using bone marrow and umbilical cord blood.

Status: Referred to the Senate Finance Committee. Hearing February 12.

TCM Position: Monitor.

State Government - Health, Education, and Social Services Provider Data Warehouse (SB 385 / HB 327)

Sponsor: Senator Pugh, et al / Delegate Ready, et al

Summary: Requires the state to authorize private sector development of a data warehouse for providers of health, education and social services. Defines "data warehouse" as an internet-based, secure and consolidated document storage and retrieval system for corporate, fiscal and administrative data necessary for the licensing and procurement of health, education, and social services and made available to state agency personnel for those purposes.

Status: SB 385 referred to the Senate Education, Health and Environmental Affairs Committee. HB 327 referred to the House Health and Government Operations Committee.

TCM Position: Monitor.

Biotechnology Investment Tax Credit - Qualified Maryland Biotechnology Company - Definition (HB 328)

Sponsor: Senator Feldman, et al

Summary: Alters the definition of "qualified Maryland biotechnology company" by removing 10 year active business cap for eligibility and replaces it with a cap in which no company is eligible if it collectively receives more than \$5 million tax credits.

Status: Referred to the House Ways and Means Committee. Hearing February 26.

TCM Position: Support. The proposed changes to the Biotech Tax Credit improve the program and widen the pool of life science companies eligible for this important program.

Tax Climate Legislation

Corporate Income Tax - Rate Reduction (SB 34 / HB 261)

Sponsor: Senator David Brinkley / Delegate Schulz

Summary: Reduces the State corporate income tax rate from 8.25% to 6% for taxable years after tax year 2012.

Status: SB 34 referred to the Senate Budget and

Taxation Committee. Hearing January 30. HB 261 referred to the House Ways and Means Committee. Hearing February 26.

TCM Position: Monitor.

Build Maryland Tax Credit Act (SB 138)

Sponsor: Senators Manno & Mathias

Summary: Allows individuals and corporations to claim a credit against the State income tax for commercial real estate investment expenses in a priority funding area. Establishes the Infrastructure Investment Income Tax Credit Reserve Fund and requires the Governor to appropriate at least \$4 million to the fund. Requires that the credit certificate issued shall equal the lesser of 25% of the total depreciation to be allowed for the commercial real estate investment expenses for five years beginning with the year in which the expenses are incurred or \$25,000.

Status: Referred to the Senate Budget and Taxation Committee. Hearing February 6.

TCM Position: Monitor.

Corporate Income Tax - Rate Reduction (HB 181)

Sponsor: Delegate Ready, et al

Summary: Reduces the State corporate income tax rate from 8.25% to 4% of Maryland taxable income of up to \$1,500,000 and to 7.25% in excess of \$1,500,000 for taxable years after 2012.

Status: Referred to the House Ways and Means Committee. Hearing February 19.

TCM Position: Monitor.

Transportation Legislation

Transportation Trust Fund - Dedicated Highway Funds (SB 253)

Sponsor: Senator Brinkley, et al

Summary: Proposing an amendment to the Maryland Constitution to establish a Transportation Trust Fund to be used only for purposes relating to transportation. Prohibits the reversion or crediting of any part of the Transportation Trust Fund to the General Fund or a special fund. Requires that certain tax and fee revenue credited to the Transportation Trust Fund be used only for specified highway purposes.

Status: Referred to the Senate Budget and Taxation Committee. Hearing February 6.

TCM Position: Monitor.

Sales and Use Tax - Motor Fuel - Local Transportation Tax (SB 362)

Sponsor: Senator Young

Summary: Authorizes counties and municipalities to impose a local motor fuels sales tax for local transportation purposes that may not exceed 2% of the taxable price for motor fuel.

Status: Referred to the Senate Budget and Taxation Committee.

TCM Position: Monitor.

Transportation Trust Fund Protection Act (HB 176)

Sponsor: Delegate Krebs, et al

Summary: Proposes an amendment to the Maryland Constitution to establish a Transportation Trust Fund to be used only for purposes relating to transportation. Prohibits the reversion or crediting of any part of the Transportation Trust Fund to the General Fund or a special fund of the State.

Status: Referred to the House Appropriations and House Ways and Means Committees.

TCM Position: Monitor.

Higher Education/Workforce Legislation

Maryland Employment Advancement Right Now (EARN) Program ([SB 278](#) / [HB 227](#))

Sponsor: Governor, et al

Summary: Establishes the Maryland Employment Advancement Right Now (EARN) program in the Department of Labor, Licensing and Regulation (DLLR). Establishes that the purpose of EARN program is to create industry-led partnerships to advance the skills of the state's workforce, grow the state's economy and increase sustainable employment for working families. Requires DLLR to provide grants on a competitive basis for: (1) an approved strategic industry partnership for development of a plan; (2) workforce training programs and other qualified programs that provide industry valued skills training to individuals that result in a credential or identifiable skill consistent with an approved strategic industry partnership plan; and (3) job readiness training and skills training that results in a credential or an identifiable skill.

Status: SB 278 referred to the Senate Finance Committee. Hearing February 7. HB 227 referred to the House Economic Matters Committee. Hearing February 12.

TCM Position: Monitor.

TCM FY2014 General Fund Budget Priorities

The following FY2014 General Fund budget items are top priorities for TCM during the 2013 session. To view a copy of the complete FY2014 General Fund budget, click [SB 125](#).

Department of Business and Economic Development (DBED) – TCM supports fully funding DBED's FY2014 budget request of \$136.3 million. Some important programs in DBED's budget include the Biotech Tax Credit, the Maryland Biotechnology Center and the Enterprise and Challenge Investment Programs.

Maryland Technology Development Corporation (TEDCO) – TCM supports fully funding TEDCO's \$18.573 million FY2014 budget request for technology development, transfer and commercialization. Some important programs in TEDCO's budget include the Maryland Stem Cell Research Fund and the Maryland Innovation Initiative.