

## We Work For You

The 2012 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 tech and biotech industry association. Our membership consists of more than 400 tech and biotech companies, along with government, academia and service providers, who employ more than 250,000 people in Maryland and the region. 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 tech and biotech community 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 2012 Policy Platform Top Priorities

- Create or expand programs that further enhance opportunities for innovative companies to bring new jobs and investments to Maryland.
- Increase funding for focused economic development incentives like the Biotech Tax Credit, Research and Development Tax Credit and programs at TEDCO.
- Create certainty for the business community by opposing new corporate taxes or changes to the tax structure.
- Develop and implement long-term, stable funding solutions for Maryland's transportation infrastructure and higher education system.



## Governor O'Malley Briefs TCM Members at Annual Leadership Dinner

Maryland Governor Martin O'Malley briefed TCM members at the January 18 Leadership Dinner in Annapolis. This annual event is held to educate policymakers about TCM's policy priorities and give our members an opportunity to share their top issues with legislators. It also provides an avenue for TCM members to hear a keynote address from Maryland's top elected officials.

During the address, Governor O'Malley touted his tech-led economic development agenda, which includes making Maryland the epicenter for biotechnology and cybersecurity. He also discussed the fiscal challenges Maryland is facing, which include structural deficits, a deteriorating infrastructure and unemployment. Governor O'Malley said that TCM members were at the forefront of job creation in Maryland and asked for our help in securing shared priorities.

## FY2013 Proposes to Cuts Funds, Increases Taxes

Governor Martin O'Malley has proposed a \$35.8 billion budget for the State of Maryland. Legislators will debate the budget during the 2012 session. Maryland is unique because it is the only state legislators may only cut from the budget, they may not add to it. Notably, the budget seeks to close much of the \$1.1 billion structural deficit this year with a mixture of tax increases, cuts to Medicaid and reduced aid to counties for teacher pensions. For the Governor's budget presentation, [click here](#). It is notable because his office includes a category called "Job Creation and Innovation."

For TCM priorities, the Governor has proposed a budget that holds the line for many important programs that benefit innovative companies. The Biotech Tax Credit program is funded at \$8 million for the second year in a row after \$6 million of annual funding during the program's first few years. The Maryland stem cell research fund in the budget for \$10.4 million, which is a little less than last year's appropriation. Other funding, like for the Department of Economic Development, has not been significantly changed.

## Invest Maryland Program's First Full Year

Last year during the 2011 legislative session, Governor Martin O'Malley introduced HB 173, which created the Invest Maryland program. This program creates at least \$70 million in capital for Maryland's innovative companies. The focus of the program is both seed-stage capital and early-stage capital with the potential to generate jobs in innovation economy sectors and attract follow on capital.

Tax auction consultants The Grant Street Group have been selected to oversee and administer the auction of premium tax credits to insurance companies operating in Maryland. The tax credit auction will take place in March 2012 with a floor of \$.70 on the dollar and a maximum of \$100 million in tax credits as authorized by law. The tax credit auction will fund the Invest Maryland program.

The Maryland Venture Fund Authority, which was created by the Invest Maryland legislation, will select venture capital firms that will invest 67 percent of the funds raised in the program. Of the funds invested through private venture capital firms, 100 percent of the principal and 80 percent of the profits will be returned to the State's general fund. The remaining 33 percent of funds will go to DBED's Maryland Venture Fund and the Maryland Small Business Development Financing Authority (MSBDFa).

## Invest Maryland Timeline

Below is a timeline for the Invest Maryland program through June 2012:

- November 2011 - MVFA selects Tax Credit Auction consultant
- December 2011 - Tax Credit Application process posted on DBED website.
- January 2012 - Tax Credit Application posted on DBED website
- February 1, 2012 - Tax Credit applications due\*
- February - March 2012 - Tax Credit Auction training sessions
- March 15, 2012 - Auction Date\*
- May 1, 2012 - Secretary will notify successful bidders
- June 1, 2012 - Insurance companies make first payment
- January 1, 2012 - DBED receives VC Certification applications on behalf of the MVFA

**The 2012 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 2012 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 2012 Session Dates**

**January 11** – General Assembly convenes

**January 18** – Final date for Governor to introduce budget bill

**January 24** – Senate and House bill request guarantee date

**February 3** – Senate bill introduction date (Senate bills introduced after this date referred to the Senate Rules Committee)

**February 10** – House bill introduction date (House bills introduced after this date referred to the House Rules and Executive Nominations Committee)

**March 5** – Final date for introduction of bills without suspension of Rules

**March 20** – Committee Reporting Courtesy Date (each Chamber's committees to report their own bills by this date)

**March 26** – Opposite Chamber Bill Crossover Date (each Chamber to send to other Chamber those bills it intends to pass favorably)

**April 2** – Budget bill must be passed by both Chambers

**April 9** – General Assembly adjourns at midnight

Specifically, the budget proposal includes \$610 million in spending cuts and \$311 million in new revenue as well as transfers of \$104 million and anticipated federal tax changes of \$78 million. The total represents a 2 percent increase in spending from the current fiscal year.

Governor O'Malley said he would propose increases to gasoline and other transportation taxes at a later date, along with announcing new highway and transit projects. Since the Transportation Trust Fund is separate from the budget, the Governor did not have to present these proposals by the budget introduction deadline. The Blue Ribbon Commission on Transportation recommended last year a phased in 15 cent increase in the gas tax.

Tax increases proposed include the elimination of personal income tax exemptions for individuals earning \$100,000 and joint filers earning \$150,000. Governor O'Malley estimated that this change would impact about 20 percent of Maryland taxpayers. There is an increase to the flush tax in the budget to \$60 a year annually as well. The proposed budget also raises tuition at state universities by 3 percent. The Governor also proposed smaller tax increases for certain tobacco products, digital downloads of software and telecommunications companies. The digital download proposal may of particular concern. Stay tuned while we take a look at the proposed tax and assess its impact on Maryland's technology economy.

January 16, 2012 - MVFA selects a VC Selection Consultant

March 20, 2012 - RFP sent to certified VC firms

April 20, 2012 - RFP responses due from VC firms

April - May 2012 - MVFA/Consultant conduct interviews/ Evaluations of VC firms

May 1, 2012 - MVFA stops taking VC firm applications

May 2012 - MVFA makes selection recommendations to Secretary

June 2012 - DBED Secretary makes initial awards to VC firms.

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#### **Incentives Available to Maryland Companies**

Check out the Maryland Department of Business and Economic Development's (DBED) handy [Maryland Financing and Incentive Resources](#) document. It offers a summation of incentives, financing programs and tax benefits available to Maryland companies. There are numerous opportunities for TCM members to take advantage of tech-led economic development incentives available in DBED's portfolio. TCM strongly supports DBED's budget every year during the legislative session and partners with DBED throughout the year on important economic development initiatives.

If you want to unsubscribe from TCM's Annapolis Report, please [click here](#).

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