

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.

Tech Council of Maryland's Advocacy Team

Brian Levine

Vice President of Government Relations
240-243-4044

blevine@techcouncilmd.com

TCM

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.

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

Digital Downloads Tax

The Governor has proposed to apply the 6% sales tax to digital downloads. These include eNewspapers, iTunes music, eBooks, etc. This proposal is part of an extensive tax package that includes changes to the income tax, increased motor fuel taxes and a higher flush fee. The digital downloads tax is meant to address the general fund budget deficits that have plagued Maryland in recent years, though this particular tax increase is only budgeted for \$5 million annually. TCM is concerned about the bad message it sends to businesses, especially those in innovative industries. However, we are more concerned about unintended consequences that could emerge from loosely written language. TCM is opposing this change, but also ensuring that any language, should it pass, be tightened so it avoids taxing our members or harming their competitiveness. We have already expressed our concerns about poorly written language to legislators and the Governor's Office and both are amenable to fixing this issue. To read the language, click [here](#) and go to pages 33-42.

Maryland Innovation Initiative

The Governor has introduced another bill this year aimed squarely at helping Maryland's innovation sector. Maryland is home to one of the premier higher education systems in the world and has a highly educated and skilled workforce. However, Maryland also ranks very low in tech transfer and commercialization. SB 239, called the Maryland Innovation Initiative, seeks to close the gap. The bill seeks to boost technology transfer and inject more than \$6 million to spin research conducted at university labs into new companies, products and jobs. While Maryland is adept at attracting research dollars, it must improve its ability to turn funding into commercial ventures. Universities would partner on this effort administered by the Maryland Technology Development Corporation. TCM is very supportive of this legislation and has made its passage a top priority. To read the bill, click [here](#).

State of the State Address

Governor Martin O'Malley delivered his annual State of the State address last week. The speech focused on numerous issues, including investing in job creation and innovation. A number of other social and environmental issues highlighted his 33 minute address. Of specific interest to TCM members is his proposal to incent tech transfer and commercialization. The Maryland Innovation Initiative, which is SB 239, has TCM's full support. The Governor also talked about injecting more money into Maryland's transportation infrastructure through a higher gas tax and a myriad of other tax increases and funding cuts designed to close

Bills To We Watch For You

The following are bills we watched for you during the 2012 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 Economic Development - Maryland Technology Development Corporation - Maryland Innovation Initiative (SB 239 / HB 442)

Sponsor: Governor, et al

Summary: Establishes the Maryland Innovation Initiative to be administered by TEDCO.

Establishes the purpose of the initiative is to: (1) promote the commercialization of research conducted in universities; (2) encourage qualifying universities to partner on commercialization, including with federal laboratories located in Maryland; and (3) facilitate the transfer of technology from universities to commercial industries, by assessing the viability and value of the technology, defining and exploiting potential markets for the technology, identifying funding sources to support the development of the technology and developing commercialization strategies. Requires that to qualify for participation, a university shall provide at least \$250,000 annually to the initiative. Establishes that the initiative may: (1) provide grant funding to a university, university-based entrepreneur or other start-up entity, to promote the commercialization of technology; (2) pursue grant funding for the initiative or universities; (3) develop and implement guidelines for technology transfer; and (4) identify projects at that may be viable for commercialization. Establishes that the grant funding may be awarded: (1) to support pre-commercial research on intellectual property; (2) to defray costs of evaluating the feasibility of a technology becoming commercialized through a start-up company; (3) to defray the direct costs of developing early stage technology through a start-up; or (4) to assess intellectual property issues, including licensing and patents. Defines "high impact economic development activity" as an initiative or transaction to create or facilitate: (1) 20 or more new jobs in Maryland; (2) the award or completion of at least \$1,000,000 in externally funded research or other projects; (3) the establishment or relocation of one or more new companies to Maryland; (4) the production of at least \$1,000,000 of annual gross revenue; (5) the licensing and potential commercialization of a promising new technology; or (6) an academic program to meet workforce demand in a documented labor shortage field.

Status: SB 239 referred to the Senate Finance Committee and Senate Budget and Taxation Committee. Hearing February 7. HB 442 referred to the referred to the House Economic Matters and House Appropriations Committee.

TCM Position: Support

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

Maryland's longtime structural deficit.

Numerous Members Running for Congress

With the November elections closer than you think, numerous members of the Maryland General Assembly are running for Congress. Because this year's Congressional elections are not the same year as elections for the Maryland General Assembly, legislators can run for Congress and, if they lose, may continue to hold their seat in the state legislature. Additionally, redistricting has created opportunities for legislators to make a run for Congress, particularly in District 6, which encompasses Western Maryland and parts of Montgomery County. Members of the Maryland General Assembly running for Congress include Democrat Senator Rob Garagiola (District 6) and Republican Senators David Brinkley (District 6) and Nancy Jacobs (District 2). In the House, those running for Congress include Republican Delegates Rick Impallaria (District 2), Tony O'Donnell (District 5) and Kathy Afzali (District 6). Democratic State Senator C. Anthony Muse is running for the U.S. Senate seat currently held by Democratic Senator Ben Cardin.

TCM FY2013 General Fund Budget Priorities

The following FY2013 General Fund budget items are top priorities for TCM during the 2012 session. To view a copy of the complete FY2013 General Fund budget, click [SB 150](#).

Department of Business and Economic Development (DBED) – TCM supports fully funding DBED's FY2013 budget request of \$119 million. Some important programs in DBED's budget include the Biotech Tax Credit, the Maryland Biotechnology Center and the Enterprise and Challenge Investment Programs.

Biotech Tax Credit – TCM supports fully funding the FY2013 \$8 million budget request for the Maryland Biotechnology Investment Tax Credit Reserve Fund, which is administered by DBED.

Maryland Biotechnology Center – TCM supports fully funding the FY2013 \$3.507 million budget for the Maryland Biotechnology Center in DBED.

Enterprise and Challenge Investment Programs – TCM supports fully funding the FY2013 \$1.2 million budget request for the Maryland Enterprise Investment Fund and Challenge Programs, which are administered by DBED.

Maryland Technology Development Corporation (TEDCO) – TCM supports fully funding TEDCO's \$3.173 million FY2013 budget request for technology development, transfer and commercialization.

Maryland Stem Cell Research Fund (MSCFR) – TCM supports fully funding the FY2013 \$10.4 million budget request for stem cell research funding, which is administered by TEDCO.

Economic Development - Maryland Technology State Board of Pharmacy - Sunset Extension and Revisions ([SB 274](#) / [HB 283](#))

Sponsor: Chair, Senate Education, Health and Environmental Affairs Committee / Chair, House Health and Government Operations Committee
Summary: Continues the State Board of Pharmacy in accordance with the provisions of the Maryland Program Evaluation Act (sunset law) by extending to July 1, 2023, the termination provisions relating to the statutory and regulatory authority of the Board.
Status: SB 274 referred to the Senate Education, Health and Environmental Affairs Committee. Hearing February 8. HB 283 referred to the House Health and Government Operations Committee. Hearing February 9.
TCM Position: Support

Income Tax Credit - Security Clearance Expenses ([SB 296](#))

Sponsor: Senator Manno, et al
Summary: Increasing the State income tax rate by .25% on individual income; reducing the amount allowed as a deduction for specified personal exemptions under the Maryland income tax; increasing the amount that must be withheld from specified payments; requiring the Comptroller to waive interest and penalties for the 2012 calendar year to the extent the interest and penalties are due to the tax rate increase; making the Act contingent on the taking effect of another Act; and applying the Act to taxable years after December 31, 2011.
Status: Referred to the Senate Finance Committee and Senate Budget and Taxation Committee. Hearing February 15.
TCM Position: Monitor

Economic Development - Maryland Stem Cell Research Act - Revisions ([SB 399](#) / [HB 289](#))

Sponsor: Senator Pugh, et al / Delegate Feldman
Summary: Alters the name of the Stem Cell Research Commission to be the Stem Cell and Biotechnologies Commercialization Commission. Alters the name of the Maryland Stem Cell Research Fund to be the Maryland Stem Cell and Biotechnologies Commercialization Fund. Establishes that the purpose of the Fund is to support innovative biotechnology research and development that has the potential to create sustainable job growth, including manufacturing jobs. Defines "qualified technology" as any innovative and proprietary technology that comprises, interacts with, or analyzes biological material, including biomolecules, cells, tissues, or organs, including a technology used for stem cell research. Adds to the Commission two individuals each who work in technology transfer for the University System of Maryland and Johns Hopkins University and two who have experience in investing in biotechnology. Requires that at least one-third of the grants or loans awarded each year be awarded to for-profit companies headquartered in Maryland and priority be given to applicants that have codevelopment partnerships with for-profit companies, determined by using the matching funds formula of the Maryland Industrial Partnerships Program. Requires that for stem cell research or other qualified technologies, the Commission shall review, evaluate, rank and rate research proposals in a manner that gives due consideration to the proprietary nature and long-term commercial potential of each proposal. Requires the Commission to have at least one member from the industrial sector and be familiar with the development and commercialization of biotechnology products.

TCM FY2013 Capital Budget Priorities

The following FY2013 Capital budget items are top priorities for TCM during the 2012 session. To view a copy of the complete FY2013 Capital budget, click [SB 151](#).

University of Maryland, College Park Physical Sciences Complex – TCM supports fully funding the FY2013 \$29.550 million Capital budget request to construct and equip Phase 1 of the physical sciences complex to provide modern laboratory and office space for the Department of Physics, the Department of Astronomy and the Institute for Physical Sciences and Technology.

Frostburg State University Center for Communications and Information Technology – TCM supports fully funding the FY2013 \$44.550 million Capital budget request for the new Center for Communications and Information Technology at Frostburg State University.

Coppin State University Center for Communications and Information Technology – TCM supports fully funding the FY2013 \$28.775 million Capital budget request for the new Center for Communications and Information Technology at Coppin State University.

Status: SB 399 referred to the Senate Finance Committee. Hearing February 23. HB 289 referred to the House Health and Government Operations Committee and Economic Matters Committee. Hearing February 7.
TCM Position: Monitor

Life Sciences Advisory Board - Purpose and Membership ([SB 405](#) / [HB 141](#))

Sponsor: Senator Pugh, et al / Delegate Feldman
Summary: Adds a purpose to the statute that the Life Sciences Advisory Board is to recommend state and federal policies, priorities, practices and legislation to expedite the creation of private sector jobs through the commercialization of life sciences research. Adds three members to the Board for a total of 18 members. Requires that four members are small businesses. Requires seven members have executive experience in life sciences instead of four.

Status: SB 405 referred to the Senate Finance Committee. Hearing February 14. HB 141 Referred to the House Economic Matters Committee. Hearing February 8.
TCM Position: Support

Telecommunications Taxes - Reform Commission and Moratorium ([SB 567](#) / [HB 563](#))

Sponsor: Senator King, et al / Delegate Hixson, et al
Summary: Establishes the Telecommunications Tax Reform Commission. Requires the Commission to assess the feasibility and fiscal implications of a competitively neutral telecommunications tax and fee system that eliminates the disparate treatment of similar telecommunications service providers.

Status: SB 567 referred to the Senate Budget and Taxation Committee. HB 563 referred to the House Ways and Means Committee.
TCM Position: Support

Agriculture - Commercial Feed - Arsenic Prohibition ([HB 167](#))

Sponsor: Delegate Hucker, et al
Summary: Prohibits a person from using, selling or distributing within the state of Maryland any commercial feed intended for use as poultry feed that contains Roxarsone or any other additive that contains arsenic.

Status: Referred to the House Environmental Matters Committee. Hearing February 8.
TCM Position: Oppose

Tax Climate Legislation Taxation of Corporations - Alternative Minimum Assessment ([SB 248](#))

Sponsor: Senators Jones-Rodwell and Montgomery
Summary: Imposes an alternative minimum assessment (AMA) on corporations doing business in Maryland. Computes the AMA as a percentage of a corporation's gross receipts or gross profits, based on an election made by the corporation and limits the AMA to \$5,000,000 for any corporation and to \$20,000,000 for affiliated groups of corporations.

Status: Referred to the Senate Budget and Taxation Committee. Hearing February 15.
TCM Position: Oppose

State Individual Income Tax - Millionaires' Tax ([SB 249](#))

Sponsor: Senators Jones-Rodwell and Pinsky
Summary: Increases the State income tax rate for

an individual to 6.25% of Maryland taxable income in excess of \$1,000,000.

Status: Referred to the Senate Budget and Taxation Committee. Hearing February 8.

TCM Position: Oppose

Maryland Business Tax Fairness Act (SB 269)

Sponsor: Senator Pinsky, et al

Summary: Requires corporations to compute Maryland taxable income a combined reporting method reflecting the aggregate income tax liability of all the members of the group.

Status: Referred to the Senate Budget and Taxation Committee. Hearing February 22.

TCM Position: Oppose

Income Tax - Rate Increase and Personal Exemption Reduction (SB 323)

Sponsor: Senator Manno

Summary: Would have increased the State income tax rate by .25% on individual income. Would have reduced the amount allowed as a deduction for personal exemptions under the Maryland income tax.

Status: *Unfavorable Report and Withdrawn.*

TCM Position: Monitored

Corporate Income Tax - Rate Reduction (HB 234)

Sponsor: Delegate Ready, et al

Summary: Reduces the Maryland corporate income tax rate from 8.25% to 7% for taxable years after tax year 2011.

Status: Referred to the House Ways and Means Committee. Hearing February 14.

TCM Position: Monitor

Job Creation Tax Credit - Amount of Credit and Termination Provisions (SB 477)

Sponsor: Senator Klausmeier, et al

Summary: Increases the amount of Job Creation Tax Credit benefits. Extends program sunset from 2014 to 2020.

Status: Referred to the Senate Budget and Taxation Committee.

TCM Position: Monitor

Corporate Income Tax - Investments in Maryland (SB 519)

Sponsor: Senator Shank

Summary: Lowers the corporate income tax rate from 8.25% to 6.00% if corporation makes a qualifying investment. Defines qualifying investment as: (1) an investment in the state; (2) the purchase of any capital equipment that is placed in service in the state; (3) the purchase of any infrastructure placed in service in the state; and (4) any expenses for research and development performed in the state.

Status: Referred to the Senate Budget and Taxation Committee.

TCM Position: Monitor

Income Tax - Repeal of the 1997 Income Tax Reduction (SB 523)

Sponsor: Senator Manno

Summary: Increases the State income tax rate by 0.25%.

Status: Referred to the Senate Budget and Taxation Committee.

TCM Position: Monitor

Sales and Corporate Income Tax Relief (Better Maryland - Tax Relief) (HB 429)

Sponsor: Delegate Schuh, et al

Summary: Reduces the State income tax rate on the Maryland taxable income of corporations from 8.25% to 7.25%. Alters rate of the sales and use

tax from 6% to 5.5% for fiscal year 2013 and to 5% beginning July 1, 2013.

Status: Referred to the House Ways and Means Committee.

TCM Position: Monitor

Transportation Legislation

Transportation Trust Fund - Appropriation of General Fund Surplus (SB 233)

Sponsor: Senator Jacobs, et al

Summary: Requires the Governor to include in the budget bill in an appropriation to the Transportation Trust Fund of unappropriated General Fund surplus.

Status: Referred to the Senate Budget and Taxation Committee. Hearing February 15.

TCM Position: Monitor

Transportation Trust Fund - Dedicated Highway Funds (SB 403)

Sponsor: Senator Brinkley, 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.

Status: Referred to the Senate Budget and Taxation Committee.

TCM Position: Monitor

Highway User Revenue Distribution (SB 440)

Sponsor: Senator Garagiola, et al

Summary: Reduces the percentages of revenues credited to the Gasoline and Motor Vehicle Revenue Account that are authorized to be used by the Department of Transportation.

Status: Referred to the Senate Budget and Taxation Committee.

TCM Position: Monitor

Transportation Trust Fund - Financing - Use of Funds (SB 441)

Sponsor: Senator Garagiola, 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.

Status: Referred to the Senate Budget and Taxation Committee.

TCM Position: Monitor

Transportation Trust Fund Protection Act (HB 146)

Sponsor: Delegate Krebs, et al

Summary: Proposes an amendment to the Maryland Constitution to establish that the Transportation Trust Fund may only be used 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 Committee. Hearing February 7.

TCM Position: Monitor

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Tech Council of MD • 9713 Key West Avenue • Rockville, MD 20850 • 240.243.4026 phone

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