

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

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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

Legislative Updates

The 2012 session is down to its final two and a half weeks. During this time, legislation begins to move at a furious pace and the budget nears final passage. An important date is May 26, which is the opposite chamber crossover date. This means that each chamber must send to the other chamber those bills it intends to pass favorably. Bills can still pass if they miss this deadline, but the chances lessen. TCM has a number of priority bills and budget issues still outstanding:

- Successes so far include an amendment that removes the termination language from HB 764 -- *Tax Credit Evaluation Act*. TCM does not oppose a periodic review of tax credits, but does strongly oppose a provision in the bill that terminates tax credits every five years after which they would require legislative action for continuation. This harmful provision, through hard work from TCM and the business community, has been removed and TCM now has changed its position on HB 764 from opposition to neutral.
- The Maryland Innovation Initiative (SB 239 and HB 442), one of TCM's top priorities, is now moving through the process. These bills, a follow-on to the Governor's InvestMaryland legislation last year, would facilitate technology transfer and commercialization from Maryland's research universities.
- Another TCM priority, improving the Maryland Research and Development Tax Credit (SB 570 and HB 943), are still in their committees, but signs are positive that they may see movement soon. These bills raise the cap of the program from \$6 million to \$18 million and for the first time allow companies that do not have a tax liability to apply for the program. Raising the cap is a longtime TCM priority.
- TCM opposed SB 758, which would have required Maryland to establish and enforce standards for the location, design, maintenance and operations of containment laboratories in Maryland. After a great deal of concerned feedback from TCM and its members, the Senate Finance Committee has chosen study the issue instead.
- TCM opposed harmful corporate tax changes and has so far been successful. Legislation that institutes combined reporting and an alternative minimum assessment were defeated. However, expect the combined reporting debate to continue next session.

Bills To We Watch For You

The following are bills we are watching 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

Budget Reconciliation and Financing Act of 2012 (SB 152 / HB 87)

Sponsor: Governor

Summary: Institutes a tax on remote sellers of products including those who sell products on the Internet. Senate removed language instituting a sales tax for digital products purchased online including music, newspapers, greeting cards and books.

Status: SB 152 referred to the Senate Budget and Taxation Committee. Hearing February 29. Reported from Committee. Passed Senate 33-13. Referred to the House Appropriations Committee and House Ways and Means Committee. Reported from Committee. HB 87 referred to the referred to the House Appropriations Committee and House Ways and Means Committee. Hearing March 1.

TCM Position: Oppose. The internet tax on remote sellers may harm Maryland's innovation economy.

Agriculture - Commercial Feed - Arsenic Prohibition (SB 207 / HB 167)

Sponsor: Senator Pinsky, et al / Delegate Krebs, 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: SB 207 referred to the Senate Education, Health and Environmental Affairs Committee. Hearing February 14. HB 167 referred to the House Environmental Matters Committee. Hearing February 8.

TCM Position: Oppose. This should be a federal issue under the purview of the U.S. Food and Drug Administration.

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. Reported from Committee. . Passed Senate 47-0. Referred to

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

- On the budget side, TCM members have scored a number of victories. These include a rejection of recommended cuts to the Biotech Tax Credit's funding request, which is \$8 million for FY2013. Both the Senate and House rejected the cut recommendation, which means chances for full funding are excellent at this point. TCM members were in Annapolis lobbying for the funding, which had an important impact on this positive outcome.

- Also concerning the budget, legislators have rejected the proposed digital download tax, which would have applied the sales tax to certain purchases like online music, newspapers and ebooks. TCM opposed this provision. Legislators on the House side have also rejected a recommendation to tax remote Internet sales, which is another proposal that TCM opposed. The final outcome of this tax change is uncertain though, but many legislators became concerned about the possible negative impact to Maryland's business climate.

Maryland's Budget Debate Continues, Nearing End

Maryland must pass a balanced budget by April 2, one week before the close of the 2012 session. The FY2013 budget debate is as contentious as it's ever been. The Governor and legislators seek to balance the budget this year with an eye toward eliminating Maryland's long-term structural deficit, which is about a billion dollars a year for the foreseeable future. This year's budgets have featured a mixture of cuts and tax increases. The Senate last week passed a budget that closes roughly half the structural deficit by significantly raising revenue through across the board income tax hikes. Their plan would increase the income tax rate for virtually all Marylanders with an even higher uptick for wealthier taxpayers. The Senate budget plan would raise roughly \$600 million in new revenue annually. The House budget plan would raise income taxes only on Marylanders with taxable income of \$100,000 or above, which more closely resembles Governor O'Malley's original proposal. Their plan would raise about \$191 million annually versus the Senate plan, which would raise about \$500 million annually. Some in the Senate want to begin the process of wiping out structural deficits this year while House leaders believe their plan is fairer for Maryland's struggling taxpayers. Senate and House budget negotiators will meet shortly in a conference committee to hash out differences in their respective budget plans. Overall, TCM's members have been spared, though small businesses would see increased taxes if they are not registered as a corporation (the corporate tax was increased during the 2007 special session).

InvestMaryland Auction a Huge Success

One of TCM's top priorities is capital formation for innovative companies. During last year's session, TCM made the InvestMaryland program a major priority for passage and we were successful. Now, almost a year later and on schedule, Maryland succeeded in raising \$84 million during a tax credit auction for insurance companies as allowed by the legislation.

the House Health and Government Operations Committee. Hearing April 5. HB 283 referred to the House Health and Government Operations Committee. Hearing February 9. Reported from Committee. Passed House 134-0. Referred to the Senate Education, Health and Environmental Affairs Committee.

TCM Position: Monitor

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.

Status: SB 239 referred to the Senate Finance Committee and Senate Budget and Taxation Committee. Hearing February 7. Reported from Committee. Passed Senate 47-0. Referred to the House Economic Matters Committee and House Appropriations Committee. HB 442 referred to the referred to the House Economic Matters and House Appropriations Committee. Reported from Committee.

TCM Position: Support. These bills promote tech transfer and commercialization, which will lead to new products, companies and jobs in the innovation sector.

Income Tax Credit - Security Clearance Expenses (SB 296 / HB 1248)

Sponsor: Senator Manno, et al / Delegate Ross, et al

Summary: Allows a credit against the State income tax for costs incurred to obtain federal security clearances. Requires the Department of Business and Economic Development to administer the tax credit. Requires the Governor to make a \$6,000,000 appropriation in FY 2014 and FY 2015 for the tax credit.

Status: SB 296 referred to the Senate Budget and Taxation Committee. Hearing February 15. HB 1248 referred to the House Ways and Means Committee. Hearing March 2.

TCM Position: Support. These bills help technology companies and government contractors improve their workforce.

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

Sponsor: Senator Pugh, et al / Delegate Feldman

Summary: Would have altered the name of the Stem Cell Research Commission to be the Stem Cell and Biotechnologies Commercialization Commission. Would have altered the name of the Maryland Stem Cell Research Fund to be the Maryland Stem Cell and Biotechnologies Commercialization Fund. Would have established 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. Would have required that at least one-third of the grants or loans awarded each year be

Conservative estimates were that the program would raise roughly \$70 million - \$75 million, so the auction was a tremendous success. The proceeds from the auction will be used by the legislatively-created Maryland Venture Fund Authority, chaired by MedImmune's President Peter Greenleaf, and the State of Maryland to invest in start-up, early and venture stage innovative companies, particularly those in technology and life sciences. The InvestMaryland program dovetails nicely with another TCM priority this session, the Maryland Innovation Initiative (SB 239/HB 442), which focuses on commercializing technologies from Maryland premier research universities. Regarding the InvestMaryland program, Governor Martin O'Malley said, "Our State is well-positioned to be a leader in the new economy as a global hub of innovation – a leader in science, security, health, discovery and information technology. That's why last year, together with business leaders from across the State and the General Assembly, we chose to invest in our diverse and highly-educated workforce and the skills and talents of our people for the jobs and opportunity of tomorrow."

Regulations Review Completed

Governor Martin O'Malley announced list of 131 regulations to repeal, revise, streamline or eliminate. This announcement was the culmination of last year's order that state agencies conduct a comprehensive review of current regulations. This review was coupled with public feedback on regulations. The goal of these efforts is to make Maryland a more business friendly state. The Governor is proposing 55 regulations be repealed, including 18 in the Department of Natural Resources, nine in the Public Service Commission, eight in the Department of Agriculture, four in the Department of the Environment and four in the Department of Labor, Licensing and Regulation. Regulations proposed for revision include 26 from Department of Health and Mental Hygiene, eight from Natural Resources, three from the Maryland Insurance Administration, two each from Labor, Licensing and Regulation, and the Maryland State Police and one each from the State Highway Administration and the Public Service Commission. Agencies for which streamlined regulations are proposed include the Department of Environment, Motor Vehicle Administration, the departments of Health and Mental Hygiene, Natural Resources, Labor Licensing and Regulation and the Public Service Commission. For further details, click [here](#).

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

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. Would have required 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. Would have required the Commission to have at least one member from the industrial sector and be familiar with the development and commercialization of biotechnology products.

Status: SB 399 *Unfavorable report and withdrawn*. HB 289. *Unfavorable report and withdrawn*.

TCM Position: Monitored

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

Sponsor: Senator Pugh, et al / Delegate Feldman
Summary: Adds three members to the Life Sciences Advisory Board for a total of 18 members. Requires that four members are from small businesses. Requires seven members have executive experience in life sciences instead of four. Adds a purpose to the statute that the 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.

Status: SB 405 referred to the Senate Finance Committee. Hearing February 14. Reported from Committee. Passed Senate 47-0. Referred to the House Economic Matters Committee. Hearing March 20. HB 141 Referred to the House Economic Matters Committee. Hearing February 8. Reported from Committee. Passed House 131-0. Referred to the Senate Finance Committee. Hearing March 27.

TCM Position: Support. These bills improve the Life Sciences Advisory Board by mandating participation of small life sciences companies.

Labor and Employment - User Name and Password Privacy Protection (SB 433 / HB 964)

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

Summary: Prohibits an employer from requiring that an employee or applicant disclose any user name, password or other means for accessing a personal account or service through an electronic communications device or for accessing nonpersonal accounts or services that provide access to the employer's internal computer or information systems. Defines "electronic communications device" as any device that uses electronic signals to create, transmit, and receive information.

Status: SB 433 referred to the Senate Finance Committee. Hearing February 23. Reported from Committee. Passed Senate 44-0. Referred to the House Economic Matters Committee. HB 964 referred to the House Economic Matters Committee. Hearing March 7.

TCM Position: Monitor

Senior Call-Check Service Program - Establishment (SB 458 / HB 1263)

Sponsor: Senator Kelley / Delegate Kramer, et al
Summary: Would have required the Public Service Commission to establish and maintain the Senior Call-Check Service Program, which meant a telephone call made each day for Maryland residents at least 65 years old at a regularly scheduled time to verify that the person is able to

the FY2013 \$8 million budget request for the Maryland Biotechnology Investment Tax Credit Reserve Fund, which is administered by DBED. *Legislative analysts recommended a \$2 million cut to this request. The Senate and House have rejected that request.*

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.

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.

answer the telephone. Would have required that if the person is unable to answer the telephone, a relative or local law enforcement would be notified. Would have required telephone companies with more than 10,000 subscribers to offer the services free of charge.

Status: SB 458 Unfavorable Report. HB 1263 Unfavorable Report and Withdrawn.

TCM Position: Opposed. These bills would have created unnecessary burdens on the telecommunications industry.

Maryland Health Care Commission - Preauthorization of Medical Services and Pharmaceuticals - Standards (SB 540 / HB 470)

Sponsor: Senator Astle / Delegate Tarrant, et al
Summary: Requires the Maryland Health Care Commission to adopt regulations establishing standards for preauthorization by: (1) payors for medical services and pharmaceuticals to be provided after December 31, 2012; (2) pharmacy benefits managers for medical services and pharmaceuticals to be provided after December 31, 2012; and (3) providers for medical services and pharmaceuticals ordered after December 31, 2015. Requires the standards adopted to include a process for a payor, pharmacy benefits manager or provider to obtain an exemption from compliance with the standards for extenuating circumstances, including the lack of broadband internet access, a practice with a low patient volume as defined by the Commission or a specialty provider that does not make medical referrals or prescribe pharmaceuticals and may include penalties for noncompliance.

Status: SB 540 referred to the Senate Finance Committee. Hearing March 7. HB 470 referred to House Health and Government Operations Committee. Hearing February 23. Reported from Committee.

TCM Position: Support. These bills improve health care access, reduce costs and make Maryland more attractive to innovative companies.

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. Reported from Committee.

TCM Position: Support. These bills examine an important issue related to technology companies.

Tax Credit - Qualified Research and Development Expenses - Small Business Refund (SB 570 / HB 943)

Sponsor: Senator King, et al / Delegate Barve
Summary: Triples the Maryland Research and Development Tax Credit cap from \$6 million to \$18 million. Defines "small business" as a for-profit corporation, limited liability company, partnership, or sole proprietorship with net book value assets totaling, at the beginning or the end of the taxable year for which Maryland qualified R&D expenses are incurred, as reported on the balance sheet, less than \$5,000,000. Provides that if the credit allowed in any taxable year exceeds the state income tax for that taxable year, a small business may claim a refund in the

amount of the excess.

Status: SB 570 referred to the Senate Budget and Taxation Committee. Hearing March 9. HB 943 referred to the House Ways and Means Committee. Hearing March 6.

TCM Position: Support. These bills help keep Maryland's R&D Tax Credit competitive while encouraging smaller, earlier stage companies to participate.

Economic Development - Green Business Incentive Zones (SB 651)

Sponsor: Senator Ramirez, et al

Summary: Would have authorized the creation of green business incentive zones. Defined "green business" to mean a business entity that is primarily engaged in researching, manufacturing, or deploying: (1) renewable energy technologies or services; (2) energy storage technologies or services; (3) energy efficiency and conservation technologies or services; or (4) other technologies that contribute to the production of energy from renewable or sustainable sources.

Status: *Unfavorable Report and Withdrawn.*

TCM Position: Monitored

Telecommunications Companies - Universal Service Trust Fund - Surcharge (SB 746 / HB 1087)

Sponsor: Senator Middleton / Delegate Hixson & Davis

Summary: Expands the services that are subject to the Universal Service Trust Fund surcharge.

Status: SB 746 referred to the Senate Finance Committee. Hearing March 6. HB 1087 referred to House Economic Matters Committee. Hearing March 8.

TCM Position: Oppose. These bills create a burden on the telecommunications industry.

Department of Health and Mental Hygiene - Containment Laboratories - Oversight (SB 758)

Sponsor: Senator Young, et al

Summary: Establishes the Containment Laboratory Oversight Division in the Department of Health and Mental Hygiene. Requires the Division to establish and enforce standards for the location, design, maintenance and operations of containment laboratories in Maryland that protect the health and safety of lab workers, the public and the environment from potentially harmful biological agents. Requires that on or after January 1, 2014, a facility be licensed by the Division before the facility may operate a containment laboratory.

Status: Referred to the Senate Finance Committee. Hearing March 15.

TCM Position: Oppose. This bill is unnecessary and should be the purview of the federal government.

Health Insurance - Pharmacy Benefits Managers - Specialty Drugs (SB 782 / HB 689)

Sponsor: Senator Pugh / Delegate Costa

Summary: Requiring the State Board of Pharmacy to determine and prepare a list of the prescription drugs that may be considered specialty drugs by a pharmacy benefits manager. Requires the Board to publish its list of specialty drugs in the Maryland Register every six months. Defines "specialty drug" as a prescription drug that requires special handling, special administration, unique inventory management, a high level of patient monitoring, or more intense patient support than conventional therapies. Requires that if a pharmacy benefits manager intends to designate certain prescription drugs as specialty drugs on a formulary, the pharmacy benefits manager may designate only prescription drugs that are on the list of specialty drugs

published by the state board of pharmacy.
Status: SB 782 referred to the Senate Finance Committee. Hearing March 7. HB 689 referred to House Health and Government Operations Committee. Hearing March 1.
TCM Position: Monitor

Telephone Companies - Exemption from Prior Approval of Public Service Commission - Franchises, Securities, and Financing (SB 813)

Sponsor: Senator Astle & Pugh

Summary: Exempts telephone companies from obtaining prior approval of the Public Service Commission before taking actions affecting a franchise or a right to a franchise. Exempts telephone companies from obtaining prior approval before purchasing, acquiring, taking or holding any part of the capital stock of another public service company. Exempts telephone companies from obtaining prior approval before taking actions relating to financing the telephone company.

Status: Referred to the Senate Finance Committee. Hearing March 20.

TCM Position: Support. This bill helps incent investment in Maryland's technology infrastructure.

Maryland Biotech SBIR and STTR Bridge Program (SB 961 / HB 1198)

Sponsor: Senator Pugh / Delegate Lee, et al

Summary: Establishes a Maryland Biotech SBIR and STTR Bridge Program to be administered by TEDCO to provide bridge funding to eligible biotechnology businesses that have completed an SBIR (federal Small Business Innovation Research Program) or STTR (federal Small Business Technology Transfer Research Program) Phase I project and have applied for an SBIR or STTR Phase II award. Requires that for a biotechnology business to receive one of the 10 grants per year of no more than \$100,000, it must certify that: (1) more than 50% of the research described in the SBIR or STTR Phase I proposal will be conducted in Maryland; (2) the eligible biotechnology business will maintain its principal place of business in the state for the duration of the SBIR or STTR Phase II project; and (3) the eligible biotechnology business will not receive concurrent funding from another source that duplicates the purpose of this program.

Status: SB 961 referred to the Senate Finance Committee. Hearing March 13. HB 1198 referred to the House Economic Matters Committee and House Appropriations Committee. Hearing March 13.

TCM Position: Support. These bills help Maryland companies navigate the difficult time period between Phase I and Phase II of these federal programs.

Income Tax - Tax Credits - Electronic Filing Requirements (SB 1086 / HB 1456)

Sponsor: Senator Jones-Rodwell, et al / Delegate Mizeur

Summary: Requires a taxpayer claiming a tax credit to submit a claim for the credit by electronic means as required by the Comptroller by regulation including the Biotechnology Investment Incentive Tax Credit, Job Creation Tax Credit, One Maryland Tax Credit. Allows the Comptroller to include any other tax credit through regulation. Makes change applicable to all taxable years beginning after December 31, 2012.

Status: SB 1086 referred to the Senate Budget and Taxation Committee. Hearing March 21. HB 1456 referred to the House Ways and Means Committee. Hearing March 21.

TCM Position: Monitor

Task Force to Develop a Creativity and Innovation Index for Maryland (SB 983)

Sponsor: Senator Ferguson

Summary: Would have established the Task Force to Develop a Creativity and Innovation Index for Maryland. Would have required the task force to (1) study how to measure the opportunities for Maryland students to engage in innovative work, including consultation with experts in innovation in the fields of business, science, technology, mathematics, engineering, and arts education. Would have required the task force to make recommendations regarding the creation of a Creativity and Innovation Index for Maryland to measure the opportunities for Maryland students to engage in innovative work in K–12 schools.

Status: Referred to the Senate Education, Health and Environmental Affairs Committee. Hearing March 21. *Unfavorable Report and Withdrawn.*

TCM Position: Monitored

Public Utilities - Telephone Service - Charges for Directory Assistance (HB 677)

Sponsor: Delegate Davis

Summary: Provides that residential customers are entitled to only two directory assistance calls each month without charge. Requires the Public Service Commission to approve other charges for directory assistance, subject to an exception. Repeals a provision that authorizes the Public Service Commission to establish additional exemptions from directory assistance charges.

Status: Referred to the House Economic Matters Committee. Hearing March 8.

TCM Position: Support. This bill reduces the cost of a costly and outdated feature.

Income Tax Credit - General Services Administration Schedules Program - Preparation Expenses (HB 965)

Sponsor: Delegate Barve & Branch

Summary: Allows an individual or a corporation to claim a credit against the state income tax for qualified preparation expenses related to General Services Administration (GSA) program applications and contract proposals. Defines "qualified preparation expenses" as the ordinary and necessary trade or business expenses paid or incurred during the taxable year related to the preparation of GSA schedules program contract proposals or GSA schedules program applications. Requires that for any taxable year, the credit allowed may not exceed 50% of the qualified preparation expenses incurred by an individual or a corporation. Requires that the credit allowed may not exceed the state income tax for that taxable year, calculated before the application of the credits allowed. Requires that the unused amount of the credit for any taxable year may not be carried over to any other taxable year.

Status: Referred to the House Ways and Means Committee. Hearing March 2.

TCM Position: Support. This bill helps expose technology companies to new business opportunities.

Medical Assistance Program - Generic Drug Reimbursement Program (HB 1004)

Sponsor: Delegate Kach

Summary: Requires the Department of Health and Mental Hygiene to establish a generic drug reimbursement program. Requires the program to establish maximum reimbursement levels for generic drug products. Requires the program to require a manufacturer of a generic drug product in a therapeutic classification to submit pricing to the Department for review in order for the manufacturer to participate in the Maryland

Medicaid Program.

Status: Referred to the House Health and Government Operations Committee. Hearing March 13.

TCM Position: Monitor

Economic Development - Sickle Cell Disease Research Program (HB 1026)

Sponsor: Delegate V. Turner, et al

Summary: Establishes the Sickle Cell Disease Research program and the Sickle Cell Disease Research Fund to be administered by 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. Allows TEDCO to award capital and operating grants to public or private sector entities to develop a cure for sickle cell disease.

Status: Referred to the House Health and Government Operations Committee. Hearing March 20.

TCM Position: Monitor

Environment - Recycling - Manufacturer Takeback for E-Waste (HB 1136)

Sponsor: Delegate Reznik

Summary: Would have prohibited, beginning on January 1, 2013, electronics manufacturers from selling, offering for sale, or delivering for subsequent sale electronic devices unless a label is permanently affixed to the device and the manufacturer has registered with and submitted a fee to the Department of the Environment. Would have required certain manufacturers to implement and finance electronics takeback programs.

Status: *Unfavorable Report.*

TCM Position: Monitored

Cigarette Restitution Fund - Lung Cancer Screening and Biotechnology (HB 1167)

Sponsor: Delegate Reznik, et al

Summary: Establishes a Lung Cancer Screening Component and a Lung Cancer Biotechnology Research and Development Component in the Cancer Prevention, Education, Screening, and Treatment Program.

Status: Referred to the House Health and Government Operations Committee. Hearing March 15.

TCM Position: Monitor

Economic Development - Qualified Distressed Counties - One Maryland Economic Development Tax Credit (HB 1289)

Sponsor: DBED

Summary: Alters the definition of a qualified distressed county to include a jurisdiction which exceeds the average rate of unemployment for the State during the past twenty-four month period by two percentage points (current definition states a jurisdiction's average unemployment must exceed the State's average unemployment by 150%). Allows a business that has created and maintained twenty-five new qualified positions for at least five years, but the number of qualified positions has fallen to between twenty-five and ten, to apply for a prorated share of the tax credit.

Status: Referred to the House Ways and Means Committee. Hearing March 9.

TCM Position: Monitor

Task Force to Implement the Northeastern Maryland University Research Park (HB 1380)

Sponsor: Delegate Rudolph & James

Summary: Would have established the Task Force to Implement the Northeastern Maryland

University Research Park. Would have required the task force to: (1) study the formal establishment and implementation of the Northeastern Maryland University Research Park, including a governance structure, bylaws, and funding; and (2) make recommendations regarding the formal establishment and implementation of the Northeastern Maryland University Research Park.

Status: *Unfavorable Report.*

TCM Position: Monitored

Tax Climate Legislation

County Income Tax - Maximum Rate and Authority to Impose on a Bracket Basis (**SB 218**)

Sponsor: Senator Manno

Summary: Would have increased to 3.5% the maximum rate a county may impose on an individual's Maryland taxable income.

Status: *Unfavorable Report and Withdrawn.*

TCM Position: Monitored

Taxation of Corporations - Alternative Minimum Assessment (**SB 248**)

Sponsor: Senators Jones-Rodwell and Montgomery

Summary: Would have imposed an alternative minimum assessment (AMA) on corporations doing business in Maryland. Would have computed 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: *Unfavorable Report.*

TCM Position: Opposed. This bill would have harmed Maryland's business climate and create uncertainty for technology and life science companies.

State Individual Income Tax - Millionaires' Tax (**SB 249 / HB 784**)

Sponsor: Senators Jones-Rodwell and Pinsky / Delegate Ivey, et al

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. HB 784 referred to the House Ways and Means Committee. Hearing March 6.

TCM Position: Oppose. These bills harm Maryland's business climate and create uncertainty for technology and life science companies.

Maryland Business Tax Fairness Act (**SB 269 / HB 941**)

Sponsor: Senator Pinsky, et al / Delegate Ross, 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: SB 269 referred to the Senate Budget and Taxation Committee. Hearing February 22.

Unfavorable Report. HB 941 referred to the House Ways and Means Committee. Hearing March 6.

TCM Position: Oppose. These bills harm Maryland's business climate and create uncertainty for technology and life science companies.

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

Job Creation Tax Credit - Amount of Credit and Termination Provisions (SB 477 / HB 1107)

Sponsor: Senator Klausmeier, et al / Delegate Olszewski, et al

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

Status: SB 477 referred to the Senate Budget and Taxation Committee. Hearing March 7. HB 1107 referred to the House Ways and Means Committee. Hearing March 9.

TCM Position: Monitor

Corporate Income Tax - Investments in Maryland (SB 519 / HB 1116)

Sponsor: Senator Shank / Fisher, et al

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: SB 519 referred to the Senate Budget and Taxation Committee. Hearing March 7. HB 1116 referred to the House Ways and Means Committee. Hearing March 9.

TCM Position: Monitor

State and Local Revenue and Finance Act of 2012 (SB 523 / HB 836)

Sponsor: Senator Manno / Healey, et al

Summary: Increases individual income tax to 4.9% of Maryland taxable income of \$3,001 through \$25,000, 4.95% for \$25,001 through \$75,000, 5% for \$75,001 through \$150,000, 5.25% for \$150,001 through \$300,000 and 5.5% for \$300,001 through \$500,000. Increases joint income tax to 4.9% of Maryland taxable income of \$3,001 through \$50,000, 4.95% for \$50,001 through \$100,000, 5% for \$100,001 through \$200,000, 5.25% for \$200,001 through \$350,000 and 5.5% for \$350,001 through \$500,000. Increases the Maryland income tax rate to 5.75% for individuals with taxable income in excess of \$500,000. Increases the applicable percentage of earned income allowable under the federal Earned Income Tax Credit. Imposes the 6% sales tax on Internet sales through an agent or subsidiary businesses that is engaged in the business of an out-of-state vendor that sells or delivers tangible personal property or a taxable service for use in Maryland if those sales are greater than \$10,000 during the preceding four quarters.

Status: SB 523 referred to the Senate Budget and Taxation Committee. Hearing February 29. Reported from Committee. Passed Senate 26-20. Referred to the House Ways and Means Committee. Hearing March 19. Reported from Committee. HB 836 referred to the House Ways and Means Committee. Hearing February 28.

TCM Position: Monitor

Income Tax - Expensing of Business Property and Bonus Depreciation (SB 653 / HB 581)

Sponsor: Senator Klausmeier, et al / Delegate

Bates, et al

Summary: Limits to property placed in service before January 1, 2012, the applicability of Maryland income tax modifications for deductions for the cost of the property that is treated as an expense for federal income tax purposes. Limits to property placed in service before January 1, 2012, the applicability of Maryland income tax modifications for additional depreciation allowance under the federal income tax for specified property.

Status: SB 653 referred to the Senate Budget and Taxation Committee. Hearing March 13. HB 581 referred to the House Ways and Means Committee. Hearing February 21.

TCM Position: Monitor

Tax Credit Evaluation Act (SB 739 / HB 764)

Sponsor: Senator Madaleno, et al / Delegate Frick, et al

Summary: Establishes an evaluation committee to determine whether a tax credit is necessary for the public interest. Requires the committee to discuss: (1) the purpose for which the tax credit was established; (2) whether the original intent of the tax credit is still appropriate; (3) whether the tax credit is meeting its objectives; (4) whether the purposes of the tax credit could be more efficiently and effectively carried out through alternative methods; and (5) the costs of providing the tax credit. *Language removed that would have terminated all tax credit programs, including the Biotech Tax Credit and the Research and Development Tax Credit, every five years and requires that they be reinstated through legislative action.*

Status: SB 739 referred to the Senate Budget and Taxation Committee. Hearing March 19. HB 764 referred to the House Ways and Means Committee. Hearing February 28. Reported from Committee.

TCM Position: Opposed (position changed to monitor after termination language removed from the bill.

Corporate Income Tax - Rate in Economically Depressed Counties (SB 793)

Sponsor: DBED

Summary: Reduces the corporate income tax rate from 8.25% to 6% for income attributable to operations of a corporation in a qualified distressed county.

Status: Referred to the Senate Budget and Taxation Committee. Hearing March 19.

TCM Position: Monitor

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

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

Tax Credit for Businesses That Create Jobs -

Enhanced Credit - Extension (HB 592)**Sponsor:** DBED**Summary:** Extends the duration of the enhanced tax credit for businesses that create new jobs for business entities that construct or expand business premises for an additional 12-year period.**Status:** Referred to the House Ways and Means Committee. Hearing February 28. Reported from Committee.**TCM Position:** Support. This bill extends an incentive that keeps jobs in Maryland.**Income Tax - Capital Gains (HB 956)****Sponsor:** Delegate Gutierrez, et al**Summary:** Provides an additional Maryland individual income tax rate of 2% on net capital gains for individuals.**Status:** Referred to the House Ways and Means Committee. Hearing March 6.**TCM Position:** Monitor**Sales and Use Tax - Services (HB 1051)****Sponsor:** Delegate Hixson & Gilchrist**Summary:** Imposes the 6% sales tax on 30 new services including cable television, management/business consulting and a testing laboratory service. The bill does not propose a computer services sales tax.**Status:** Referred to the House Ways and Means Committee. Hearing March 6.**TCM Position:** Oppose. This bill harms Maryland's business climate and create uncertainty for technology and life science companies.**Graduated Income Tax Reform (HB 1346)****Sponsor:** Delegate Hixson & Delegate Mizeur**Summary:** Increases the rates and rate brackets under the State income tax on individuals. Raises the amounts of income tax required to be withheld on wages. Raises the determination of the amount of the standard deduction allowed for an individual under the Maryland income tax.**Status:** Referred to the House Ways and Means Committee. Hearing March 22.**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:** Would have proposed an amendment to the Maryland Constitution to establish a Transportation Trust Fund to be used only for purposes relating to transportation. Would have prohibited the reversion or crediting of any part of the Transportation Trust Fund to the General Fund or a special fund.**Status:** *Unfavorable Report.***TCM Position:** Monitored**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

Maryland Transportation Financing and Infrastructure Investment Act of 2012 (SB 971 / HB 1302)

Sponsor: Governor

Summary: Institutes a 6% sales tax on motor fuel in Maryland in 2% annual increments over the next three years. Protects the Transportation Trust Fund from transfers to the state's general fund for non-transportation purposes. Requires three-fifths favorable committee votes in the Senate and House for any future legislation to transfer transportation funds, or would require the Governor to proclaim a state of emergency resulting from a major catastrophe. Provides more transportation funding to local governments. Establishes a workgroup to study the creation of regional transit financing authorities.

Status: SB 971 referred to the Senate Budget and Taxation Committee. Hearing March 14. HB 1302 referred to the House Ways and Means Committee and House Environmental Matters Committee. Hearing March 14.

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

Motor Fuel Tax - Increase - Construction Cost Index (HB 1156)

Sponsor: Delegate Frick

Summary: Increases the motor fuel tax rates based on the percentage growth in the Construction Cost Index.

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

TCM Position: Monitor

Motor Fuel Tax - Increase - Construction Cost Index (HB 1388)

Sponsor: Delegate Ross & Hixson

Summary: Increases the motor fuel tax rates based on the percentage growth in the Construction Cost Index.

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

TCM Position: Monitor

