



# 2020 MDCC Legislative Session Recap Webinar

## March 26, 2020

### Top 5 Business-Related Victories from the 2020 Legislative Session



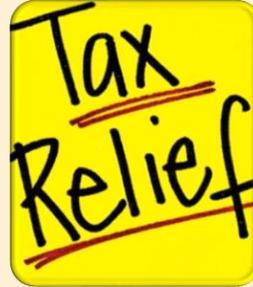
New tax exemptions enabling data centers to come to MD (SB 397)



Tax fix for pass-through entities (SB 523)



A win for workforce development: The Apprenticeship Start-Up Act of 2020 (SB 751)



A coalition led by MDCC defeated a tax on services (HB 1628)



Defeat of business tax measures: combined reporting (HB 295), throwback rule (HB 473) and the elimination/modification of business tax incentives (HB 565)

### Recap:

- The Chamber took 93 positions on key legislation this session.
- This session, we saw several threats to business, particularly in the areas of tax policy and labor and employment policies.

- Changes/challenges for this session
  - Kirwan Commission and how states and localities would cover the \$32 billion price tag
  - Changes in leadership in the House & Senate and in Committee leadership, particularly in the Senate

### **MDCC Policy & Legislative Committee Process**

- Policy committees (total of 10: 5 that meet weekly during session and 5 that meet as needed)
- Legislative committee (once-weekly meeting during session)
- Establishes transparency in our process and credibility with outside stakeholders

### **2020 Legislative Session Overview**

#### **Kirwan Commission**

- Before it adjourned on March 18, the General Assembly moved swiftly to pass [HB 1300: Blueprint for Maryland's Future—Implementation](#), better known as the Kirwan Commission recommendations. This is the policy portion of Kirwan, not the funding portion.
- Prior to final passage, the Senate adopted several amendments meant to address some of the lingering concerns of policymakers. One included an amendment that will limit the implementation of Kirwan reforms during an economic downturn. The added language outlines that if state revenues drop by 7.5% in a given year, Kirwan would be put on hold, and increases to education spending would be limited to the rate of inflation.
- The Senate also adopted an amendment establishing an “academic oversight checkpoint.” The language establishes that in FY 2025, if an



oversight board determines that the reforms are not being properly implemented or that increased student performance is not being achieved, increases in school funding will be halted.

- The amended language was not enough to assuage all policymakers. The Senate voted 37-9 to approve the bill, as amended. Six members of the GOP joined Democrats in support of the amended language.
- The House voted 96-38, along party lines, to concur with the amended version of the bill. It now advances to the desk of Governor Larry Hogan. The governor has previously been an outspoken critic of the legislation due in large part to its price tag and lack of viable funding sources. Should he veto the bill, Democratic leadership may attempt an override if/when they return for a special session at the end of May.
- As it relates to the price tag, HB 1300, as enrolled, would impose a \$3.8 billion annual funding mandate on state government. The state will be required to cover approximately three-fourths of that amount, with the rest covered by local jurisdictions.
- In the final hours of session, Democrats moved forward with their plan to derive revenue from a handful of tax bills, which they portend will bring in more than \$700 million annually to fund Kirwan recommendations. These include the tax on digital downloads and digital advertising and an increase in the tobacco tax. More information regarding the revenue proposals and their fate are included in our update on key Chamber priorities during the 2020 legislative session.

### **Business Tax/Economic Development Incentive Programs**

[HB0223](#) - End Ineffective Business Subsidies Act of 2020

[HB0224](#) ([SB0263](#)) - Opportunity Zone Tax Deduction Reform Act of 2020



[HB0525](#) - Phase Out Company Giveaways Act

[HB0565](#) - Income Tax – Business and Economic Development Tax Credits – Termination, Alteration, and Evaluation

- Broad-stroke elimination of business tax credits
- Threat to the R&D tax credit
- Passed in House; died in Senate

[HB1089](#) - Economic Development - Job Creation Tax Credit - Qualified Position

[HB1117](#) - Economic Development - Enterprise Zone Program – Alterations

[HB1339](#) ([SB0397](#)) – Sales-and-Use Tax and Personal Property Tax - Exemptions - Data Centers

## **Taxation**

[HB0295](#)/[HB0473](#)/[SB0024](#)/[SB0311](#) – Combined reporting

- Used as a revenue driver for Kirwan; it’s philosophical for those who push this topic year after year; very volatile in times of economic downturns

[HB0439](#) ([SB0216](#)) - Income Tax - Carried Interest - Additional Tax

[HB0507](#) - Income Tax - Pass-Through Entity - Additional Tax

[HB0695](#) ([SB0002](#)) - Digital Advertising Gross Revenues – Taxation

- Innumerable legal challenges

[HB0732](#) - Taxation – Tobacco Tax, Sales-and-Use Tax, and Digital Advertising Gross Revenues Tax

[HB0869](#) - Corporate Income Tax - Rate Reduction

[HB1088](#) - Effective Corporate Tax Rate Transparency Act of 2020

[HB1354](#)/[HB1628](#) – Sales-and-Use Tax – Services

- Chamber coalition effort to kill HB 1628 including “drive in” and press conference of more than 30 business organizations

[SB0066](#) - Income Tax - Credit for Small Businesses - State Minimum Wage Increase



[SB0523](#) - Income Tax – Pass-Through Entities and Corporations

### **Labor and Employment**

[HB0123](#) ([SB0217](#)) - Labor and Employment - Wage History and Wage Range

[HB0126](#) ([SB0846](#)) - Peace Orders - Workplace Violence

[HB0312](#) ([SB0473](#)) - Discrimination in Employment - Reasonable Accommodations for Applicants With Disabilities

[HB0712](#) ([SB0260](#)) - Labor and Employment - Leave With Pay - Bereavement Leave (Family Bereavement Act)

[HB0722](#) ([SB0434](#)) - Labor and Employment - Occupational Safety and Health - Heat Stress Standards

[HB0839](#) ([SB0539](#)) - Labor and Employment - Family and Medical Leave Insurance Program – Establishment

[HB1018](#) ([SB0780](#)) - Labor and Employment - Economic Stabilization Act - Revisions

[SB0157](#) - Employers of Ex-Offenders - Liability – Immunity

### **Business Regulations and Operations**

[HB0492](#) ([SB0493](#)) - Small Business Development Center Network Fund - Minimum Appropriation

### **Energy and Environment**

[HB0209](#) ([SB0313](#)) - Plastic Bag Reduction Act

[HB0561](#) ([SB0315](#)) - Electric Industry - Community Choice Energy - Pilot Program

[HB1545](#) ([SB0887](#)) - Electric Generation - Transition From Fossil Fuels - Carbon Dioxide Emissions Rate and Transition Account

### **Cyber and Tech**



[HB0215 \(SB0030\)](#)/ [HB0635](#) - Criminal Law - Crimes Involving Computers - Ransomware

[HB0237 \(SB0201\)](#) - Commercial Law - Personal Information Protection Act - Revisions

[HB0784 \(SB0957\)](#) - Consumer Protection - Online Privacy - Study Education and Workforce Development

[HB0220](#) - Income Tax Credit - Employment of Apprentices - Extension

[HB1457 \(SB0751\)](#) - Apprenticeship Start-Up Act of 2020

### **Transportation**

[HB0715 \(SB0253\)](#) - Prohibited Appropriations - Magnetic Levitation Transport

### **MDCC Veto Requests and Timeline**

- As of yesterday, the governor had announced that he had not yet received bills from the General Assembly. Assuming they hold off a bit longer, the governor has 30 days from the time he receives them to decide as to whether or not he will veto.
- The Chamber intends to submit veto requests for the following bills that we opposed during session:
  - HB 732, which now includes SB 2 (the digital ad tax)
  - HB 1018 – Economic Stabilization Act
    - This bill narrows the application of the current Economic Stabilization Act from employers with at least 100 employees down to employers with at least 50 employees.

**A Special Session will take place during the last week of May.**

Please visit our COVID-19 Resources page [here](#).

