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## Miller, Busch unveil bills to boost business climate

*Business leaders applaud coordinated agenda*

By Kevin James Shay *Staff Writer*

Maryland's top two legislative leaders unveiled a series of proposals that include a commission to review the business climate and bills to reduce the estate tax and provide more tax credits and business funding.

The agenda marks the first time that state Senate President Thomas V. Mike Miller Jr. (D-Dist. 27) of Chesapeake Beach and House Speaker Michael E. Busch (D-Dist. 30) have jointly proposed a legislative business package.

"I don't think I have ever seen this level of coordinated effort between two presiding officers in the General Assembly before," said Mathew Palmer, senior vice president of government affairs for the Maryland Chamber of Commerce. "We are very happy and encouraged by this development."

Norman Augustine, a former CEO of Bethesda defense giant Lockheed Martin, will chair the commission. Other members are expected to be announced in the next few weeks, picked from the business community. The commission will begin work this session and issue a report in December.

Business leaders have long discussed that jobs and residents are moving to Virginia and other states because of tax purposes.

"The commission is part of a long-term strategy for economic development in the state," Palmer said. "This means we will be talking about issues on how to make Maryland the leader in job creation not just this year, but next year and in future years."

The estate tax bill, expected to be introduced by Friday, would phase in Maryland's estate tax to match the federal tax over four years.

Maryland's estate tax only allows a \$1 million exemption, while the federal estate tax allows an exemption of \$5.25 million, meaning someone could have an estate of \$5 million and not be taxed by the federal government. Maryland and New Jersey are the only two states to have both estate taxes and inheritance taxes.

Similar legislation proposed last year, which did not pass, would have reduced state revenues by \$13.6 million in fiscal 2014, \$43.8 million in fiscal 2015, \$59.5 million in fiscal 2016, \$79.3 million in fiscal 2017 and \$87.3 million in fiscal 2018, according to a legislative analysis.

But that reduction would be made up by many more retirees remaining in Maryland rather than moving to Virginia,

Delaware, Florida or other states where "death taxes" are not so high, advocates said.

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Senate Minority Leader Sen. David R. Brinkley (R-Dist. 4) of New Market noted that the Democratic leaders are coming around to support measures he and other state Republicans have for years.

"There is a greater realization that this situation is harming communities," Brinkley said.

He added that he was glad to see that the Democratic leaders are supporting more proposals to help the private sector, though he said they "could have been done all along." "Welcome to the pool," Brinkley said.

Clark Kendall, president and founder of Rockville financial advisory firm Kendall Capital Management, said he sees clients making decisions to leave the state on a recurring basis.

"These are middle-class people, who have prudently saved and own a modest-sized house in Montgomery County," he said. "It's not unusual for them to have more than \$1 million saved up. You cannot really retire comfortably in Montgomery County without \$1 million or more saved."

Most clients of Kendall who live in Maryland have family members in the state and want to remain there when they retire, he said. But when they learn that it will cost them \$200,000 or so in death taxes to stay in Montgomery rather than move across the river to Virginia, a good number decide to move, he said.

"This tax is very short-sighted," Kendall said.

Kendall, the Small Business Committee co-chairman of the Montgomery County Chamber of Commerce, said he talked about the issue with local legislators who were receptive at the chamber's legislative reception Monday.

Miller and Busch's agenda also includes legislation for a seed fund for cybersecurity start-ups and to assist universities with tax credits and endowments.

<http://www.gazette.net/article/20140131/NEWS/140139808/-1/miller-busch-unveil-bills-to-boost-business-climate&template=gazette>