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Business agenda moving through General Assembly

Estate tax bill, cybersecurity measure pass both chambers

By Kevin James Shay *Staff Writer*

Going into the final weekend of the General Assembly's regular session, several key pieces of legislation in a joint business agenda proposed by Maryland's top two legislative leaders have passed both the House and Senate.

That includes legislation that would raise the exemption for state estate taxes over a few years to more than \$5 million from \$1 million, a bill to create a statewide investment fund of up to \$2 million annually for young cybersecurity companies, and another to include information about how taxes are spent on state tax forms.

The legislation is part of an agenda proposed jointly by Senate President Thomas V. Mike Miller Jr. (D-Dist. 27) of Chesapeake Beach and House Speaker Michael E. Busch (D-Dist. 30) of Annapolis.

The agenda also includes establishing a commission to review the state's business climate and economic development incentives and make a recommendations by December. The commission has already been formed with Norman Augustine, a former CEO of Bethesda defense giant Lockheed Martin, as chairman. Other members include Douglas Doerfler, CEO of Gaithersburg biotech MaxCyte and board chairman of the Tech Council of Maryland, and Montgomery College President DeRionne Pollard.

The estate tax bill will reduce state revenues by \$21.3 million in fiscal 2016 and more in ensuing years, according to a legislative analysis. But the state will gain by keeping more retirees in Maryland to pay taxes during their golden years, said Clark Kendall, president of Rockville financial advisory firm Kendall Capital Management.

"It's a win for middle-class millionaires, and a big win for the state," said Kendall, also Small Business Committee co-chairman of the Montgomery County Chamber of Commerce.

He said he often meets with retirees who have grown up in Maryland and want to stay in the state, where their children are and where they have roots.

"They want to continue going to their same church and volunteering with charitable organizations," Kendall said. "But it's not unusual for them to buy a house in Virginia or another state and have their kids visit them on weekends."

The proposal will phase in Maryland's estate tax to match the federal exemption over four years. Maryland now only exempts the first \$1 million for estate taxes, while the federal government allows an exemption of \$5.25 million.

Film tax credit proposal still in review

While the Senate approved boosting the amount of tax credits for companies that film movies, TV shows and other projects in the state to \$18.5 million from \$7.5 million, the House had yet to vote on that bill, as of Thursday afternoon.

"I'm just confident, frankly, there is a real market for TV and film in Maryland," said Sen. Edward J. Kasemeyer (D) of Columbia on Wednesday before a House committee. "It's an industry that is creating a lot of activity."

"House of Cards" is looking at moving the third season's filming to another state if its investors don't get millions of dollars more in tax credits, an executive with the show's production company wrote in a recent letter to state officials. The first season of "House of Cards" completed 139 days of filming, mostly in Baltimore, Annapolis and Harford County, in 2012, and employees made purchases of goods and services at more than 1,800 Maryland businesses for an economic impact of \$138 million, according to a state report.

Silver Spring-based Positive Dog Training and Animal Actors has provided numerous animals for the first two seasons of "House of Cards," including dogs, guinea pigs and birds.

"Maryland is benefiting greatly from this program," said Carol Rosen, owner of the business. "We should increase the funding to the program, to create a positive spiral effect."

Another bill supported by many business leaders would increase the amount of research and development tax credits that the state could award in a year to \$10 million from \$8 million. The bill passed the Senate, but it had yet to pass the House, as of Thursday.