

Delegate Addie Eckardt's Weekly Legislative Wrap Up

Annapolis, MD –

Tax Credit Initiatives

The Administration's Job Creation and Recovery Tax Credit legislation ([SB 106/HB 92](#)) creates a State income tax credit for employers who hire qualified individuals during the 2010 calendar year. A qualified employee is defined as an individual who at the time of hiring is a State resident receiving unemployment insurance benefits or has exhausted unemployment insurance benefits within the past 12 months; and is not employed full time. The value of the credit is equal to \$3,000 per eligible employee hired, not to exceed \$250,000 per taxpayer. The Department of Labor, Licensing, and Regulation (DLLR) is authorized to award \$20 million in credits on a first-come, first-served basis. DLLR and the Comptroller's Office may jointly adopt regulations to carry out the provisions of the bill. DLLR is required to report on the tax credit to the Governor and the General Assembly by April 1, 2011. Both bills were heard last week. Many business owners' expressed concern that the while the focus on job creation may be well intended, if businesses have no business or work, jobs are not available. An improved business climate for all could be achieved with a tax reduction and other actions to promote business and reduce the cost of doing business in the state.

Testimony has also been given on bills aimed at encouraging commercial aquaculture in the State. [SB 3](#) and [HB 89](#) exempt aquaculture activities, including oyster farming, from fees for applications to the Maryland Department of the Environment for wetlands and waterways permits or to the Board of Public Works for a wetlands license.

Local Highway User Revenues

This week the House Appropriations Committee was briefed on the Department of Transportation's budget as proposed by the Governor. While reductions have been made over the past year, the revenue projections are considered by the Department of Legislative Services to be overly optimistic and warrant serious deliberations on the projected spending plan. Highway User Revenues are derived from a portion of the gas tax, titling tax and vehicle registration revenues that are deposited in Gas and Motor Vehicle Revenue Account and distributed among the Transportation Trust Fund, Baltimore City, counties, and municipalities. Local distributions are based on vehicle registrations and road mileage. During the 2009 legislative session, a total of \$161.9 million was reduced from the fiscal 2010 HUR appropriation and transferred to the general fund to relieve pressure on the general fund. In August 2009, an additional reduction of \$159.5 million was withdrawn through the Board of Public Works and proposed to be transferred to the general fund in the BRFA of 2010. The total reduction to HUR was \$321.4 million, leaving \$140.5 million. Of this amount, \$130.9 million was allocated to Baltimore City, and the remaining \$9.6 million was distributed to the

counties. The reduction to the counties has been 94-96%. These funds would have been used for snow removal which now has increased by \$9million before this week's storm. This year the BRFA maintains the county share of HUR funding at the FY2010 level in 2011 and 2012 and transfers the remaining to the general fund. Unlike in FY 2010 where municipalities did not fully participate in the reductions, SB141 includes the municipalities in the Highway User Revenue reductions.