

News

Economic groups push for focus on business growth during session

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Facing a year of budget-cut certainties and uncertain revenue infusions, how will state and local governments support the economy?

That was the question that continued to surface at legislative agenda conferences last week among business groups and economic development agencies - those tasked with stimulating job creation and bringing in new construction in some of the worst times since the Great Depression.

With core services such as education and health care likely to get severe funding reductions, the outlook may be grim. The General Assembly must contend with a \$1.6 billion deficit while structuring the new budget, and many counties and cities are dealing with their own shortfalls.

House Speaker Michael E. Busch, D-Annapolis, didn't mince words about what's to come.

"The budget is going to be stark," he said. "It's going to have an impact on every community, and it's going to have a definite impact on the business community - make no mistake about that."

He told economic development agencies to consider focusing their energy on education to bolster their workforce, noting that the federal government is expanding in Maryland and the quality of schools played a role in that.

"I don't think you get all the BRAC relocation and cybersecurity funding from the federal government because (you) have a second-class education system," he said.

Some business advocacy groups have focused their lobbying efforts on removing obstacles to growth.

They're reminding local and state leaders of other ways they can support merchants, such as by taking their quality of life into consideration. The average annual income of a small business owner ranges from \$40,000 to \$96,000.

Some groups are asking for attention to incentives that would develop affordable housing, not just to kick off new construction, but to support the workforce.

"It's something that this county will never have until there is political will to create it," said Linda Schuett, legislation chairwoman of the Annapolis and Anne Arundel County Chamber of Commerce.

Also as a principle, the chamber wants to see a deference test applied at all levels of government.

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For competitive reasons, Schuett said the chamber opposes the concept of a local jurisdiction adopting regulations that are more stringent than the state - or for the state to adopt more stringent regulations than the federal government. If Anne Arundel County were to have a stricter policy on stormwater management than a neighboring county, for example, it could deter new business locally.

"That developer is going to go elsewhere," she said.

The chamber also is pushing for a streamlined approval process within local jurisdictions.

County Council Vice Chairman Derek Fink, R-Pasadena, said his goal is to create a more business-friendly inspections process.

"I'm living through it," he said, articulating his own struggles to open a restaurant in Pasadena. Fink said his partners hoped to have the business open in November, but they see now that timeline was too optimistic.

"We're still not open today. We haven't put a shovel in the ground, matter of fact," Fink said.

Though most economic developers oppose tax increases, Senate President Thomas V. Mike Miller Jr., D-Calvert, said there are two potential revenue boosters being eyed in the session: an alcohol tax hike, which lawmakers last increased in 1972, and a gas tax hike, which was last raised in 1992.

Many believe the Maryland Transportation Trust Fund needs cash to take on tabled infrastructure improvements. A gas tax increase would conceivably generate capital for those projects.

"I'm not adverse to raising the gas tax - it's an economic development issue," Miller said. But "we need a lockbox - a firewall - to make sure it's only used for transportation purposes."

The trust fund is a common point of political contention because it is so often used to fund other nontransportation programs. House Minority Leader Anthony O'Donnell, R-Calvert, said he's among those who wouldn't find that kind of policy prudent.

"Any tax increase would be harmful to our economy right now, even a gas tax increase," he said. "It would just allow another money pot to be bilked."

While economic development groups statewide may be in dire straits, looking for ways to do more with less, Annapolis may be an exception to the rule in terms of making its agency a priority.

Despite having to cut its budget for the current fiscal year by 13 percent - potentially the largest cut of any municipality statewide - the city was able to launch a public-private economic development partnership six months ago. Apart from debt service, it was the only area for which the city approved a discretionary spending increase.

Mayor Josh Cohen said the City Council recognized that, of all things, Annapolis could not detract from job and economic growth.

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"When times are tough, it helps people focus on the priorities," he said. "It gave us an opportunity to think big and make big changes."