

Maryland Nonprofits

Legislative Report – April 16, 2010

State Budget – The State Budget Bill and the Budget Reconciliation and Financing Act (the “BRFA”) have been enacted. The BRFA authorizes reductions in otherwise mandated spending, shifts funds from restricted or ‘special fund’ accounts to the general fund, and amends or imposes new limits on required spending in future budgets. The Maryland Budget and Tax Policy Institute has prepared a [brief summary](#) of the adopted budget. The state’s total budget (including all funds) is lower than the previous year’s for the first time in recent memory.

The general fund revenue situation is demonstrated by the fact that, despite the tax increases approved in during Fiscal year 2008, general fund spending in FY 2011 will be less than budgeted for Fiscal Year 2007. A more detailed summary of the [budget conference report](#) is also available.

With the MD Budget and Tax Policy Institute and coalition partners, we supported unsuccessful efforts for at least moderate revenue increases, including alcohol taxes, continuing the ‘millionaire’s’ tax, and combined reporting for corporate tax purposes. Please contact us for any specifics or additional information at hbogdan@mdnonprofit.org

Legislative Positions and Results –

Consistent with our policy priorities and guidelines, Maryland Nonprofits’ positions on legislation are summarized below.

Maryland Nonprofits took no position on the Governor’s Unemployment Insurance Modernization and Relief Act (HB 91/SB 107) designed to qualify the state for additional federal assistance. The bill was initially opposed by the business community and strongly supported by most advocates for low income groups. The Senate Committee produced a compromise version that was publicly endorsed by both supporters and the business community, and has been enacted and signed by the Governor.

Following our contacts with staff, the Governor’s Job Creation and Recovery Tax Credit proposal was presented (HB 92/SB 106) with a provision allowing nonprofits to earn and use the tax credit against employer withholding liabilities. This legislation has also been enacted and signed.

House Bill 531 is the legislation extending the Task Force to Study State Procurement of Health and Social Services. The bill was approved by both houses (passing the Senate early on *sine die*) – bill signing date not yet announced.

We are a partner in the effort to prohibit discrimination in housing based on 'source of income' of renters or buyers. Senate Bill 243, supported by this coalition effort, was opposed by major rental development owners. The Judicial Proceedings Committee voted the bill unfavorably on March 4.

We testified in support of legislation to close Maryland's most egregious campaign finance loophole that allows unlimited contributions through the creation of multiple limited liability companies or partnerships (HB 373/SB 216). We also continued our past support for a plan of public campaign financing for legislative races (HB 1251/SB 681). All of these bills failed in committee.

We also supported the Maryland Open Government Act (HB 344/SB`407) the major legislative transparency proposal of the session. Among other provisions, these bills called for webcasting of all committee hearings, making it easier for people to attend and 'sign-up' to testify at hearings, making the 'real-time' legislative information service available without charge, and mandating online access to all committee votes. No action was taken in either house.

We supported an initiative to allow legislators to use a small portion of their office funds to assist small nonprofits in their districts to obtain grant-writing assistance. (HB 939/SB 915) No action was taken on either bill.

As in the past, we continued to support efforts to make the MD Earned Income Tax Credit more accessible to low-income Marylanders – testifying in support of the Earned Income Credit Information Act which requires once a year notice by employers to employees who may be eligible for the tax credit (HB 755/SB 638). The legislation passed the House but was defeated in the Senate Budget and Tax Committee.

We opposed efforts to impose tax limitations that would restrict the legislature's ability to raise necessary revenues, this year particularly again opposing the Taxpayers' Bill of Rights (TABOR) that is pushed in many states across the country. (HB 163/SB 1024) The bills failed.

We testified in opposition to House Bill 1296 that could require nonprofit service providers with state contracts to pay a specified 'living wage' even if their contracts don't provide funding for those rates. Several subsector associations reported to us that state funding does not support wages at the required levels for at least some of their members' staff. Our long-standing position has been that most nonprofits are strong advocates for the needs of low income workers and support the living wage concept – and have lobbied for funding in state programs adequate to allow it. However we can only support a mandated living wage for state service contracts if there is a corresponding requirement that the contracts provide adequate funding for those wages. The House Economic Matters Committee gave the bill an Unfavorable Report

After consulting the Office of Minority Affairs, we asked for amendments to legislation that could have unintentionally eliminated the possibility of waivers for MBE subcontracting requirements in many service contracts (House Bill 1236). Several state agencies testified that the bill was so flawed for this reason that it would make the State's MBE program unconstitutional. The House Health and Governmental Affairs Committee gave the bill an Unfavorable Report.

We opposed “health care freedom” legislation (House Bill 603/Senate Bill 397) that actually would amend the state constitution and make federal health reform impractical for MD. This type of measure is being pushed by reform opponents in many states as a tactic to defeat the President’s health reform program, and is often referred to as ‘nullification’ legislation. The legislation failed.

In addition, our policy committee discussed but we took no position on legislation creating an “L3C” form of limited profit social-benefit business organization in Maryland (HB 5/SB 430), as well as legislation to recognize “B – For Benefit” Corporations (HB1009 /SB690) where boards consider social benefits/harms of corporate policy as well as shareholder returns in their fiduciary decisions. The “L3C” legislation failed, but legislation recognizing the “B – Corporation” form of business has been enacted.

Maryland Nonprofits takes no position on legislation by individual groups requesting state bond funding for capital projects. In most years the General Assembly approves \$15 million or more for such projects by nonprofit organizations as part of the state’s capital budget. Projects for the coming fiscal year are listed in a [report on the General Assembly website](#).

For more information, please contact Henry Bogdan at hbogdan@mdnonprofit.org