

THE WEEKLY WHIP

TUESDAY, MARCH 6, 2007

BOND BILL HEARINGS

The Appropriations Committee will hear bond bills on Saturday, March 10, and Monday, March 12. To ensure the hearings run as efficiently as possible, remember:

- Testimony is limited to no more than three minutes per bond bill, with a maximum of fifteen minutes per Delegate.
- Check the hearing schedule to determine when the bills you are sponsoring will be heard. It is your responsibility to be present at the time your bill will be heard. Due to the large number of bills, staff is unable to notify members when their bills are scheduled to be heard.

Please review the following bond bill witness checklist, and share it with witnesses who will testify in support of the bills you are sponsoring. Witnesses should:

- Make 30 copies of all material to be distributed at the hearing, and put the House bill number on the front of each document. Witnesses should not mark copies with an individual Delegate's name.
- Deliver testimony at least an hour prior to the scheduled hearing time. Testimony arriving after that deadline will not be distributed at the hearing, but will be retained for committee files.
- Arrive at least one hour before the scheduled hearing time.
- Go to the Appropriations Committee room lobby (Room 120), sign in on the appropriate witness sheet, leave all materials to be distributed in the designated boxes, check the order of bills on the chart in the lobby, meet with the House sponsor of the bill, and be ready to enter the hearing room at the direction of the State Trooper.
- Give a 3-minute presentation of the project, which includes the introduction of the House sponsor, questions from the committee, and recognition of any advocates attending the hearing.

For an additional copy of this witness checklist, call Delegate Jones' office at x3391. If you have questions, call Malachy Rice or Dana Tagalicod at x3407.

PUBLIC SCHOOL CONSTRUCTION ASSISTANCE ACT OF 2007 (HB 475)

HB 475 proposes eliminating a loophole that allows property owners to evade recordation and transfer taxes in real estate deals – and dedicates new revenue to school construction projects and land preservation.

When people buy or sell real estate in Maryland, they pay recordation and transfer taxes. With increasing frequency, property owners are setting up shell corporations to avoid these taxes. Under this scenario, the property owner sets up a limited liability company (LLC) which exists solely for the purpose of owning real estate. Instead of selling the real estate, the owner sells controlling interest (or ownership) of the corporation – effectively selling real estate without conducting a taxable real estate transaction.

The bill closes that loophole by imposing recordation and transfer taxes on the transfer of real estate worth at least \$1 million when the property is transferred through the sale of controlling interest of a corporation.

Since this type of transaction is not entered into the land records, it is difficult to assess the value of the property involved. This can lead to entire classes of commercial and industrial property being improperly assessed – often far below their fair market value.

The bill addresses this by requiring a report be filed with the State Department of Assessments and Taxation within 30 days of the transfer of controlling interest.

Eliminating this loophole would generate \$7.1 million in state revenue in FY 2008, and \$14.1 million each fiscal year thereafter. Local revenue would grow \$24.1 million in FY 2008 and \$48.2 million in future years.

State revenue generated by the transfer tax is distributed between Program Open Space, Rural Legacy, the Maryland Agricultural Land Preservation Fund, and the Heritage Conservation Fund. Additional revenue would be dedicated to these programs.

The bill requires new local revenue generated by closing this loophole to be spent on school construction above what is currently budgeted by the counties. In other words, the revenue would supplement planned school construction spending rather than supplanting it.

**MARYLAND GANG
PROSECUTION ACT (HB 713)**

According to the Governor's Office of Crime Control and Prevention, gangs are an "emerging problem" in every corner of the state. Three national gangs are organized in Maryland, including the Bloods, Crips and MS-13. Eight jurisdictions – Allegany, Baltimore City and Baltimore, Frederick, Harford, Montgomery, Prince George's and Wicomico – have a disproportionate number of neighborhood gangs. In counties like Frederick, police estimate as much as 20% of the crime in the county can be traced to gang activity.

In 2005, the Maryland General Assembly passed legislation making it a crime to threaten or coerce someone into joining or participating in a gang. Prior to 2005, state statute did not directly address participation in criminal gang activity. The 2005 legislation also prohibited these threats in a school vehicle, like a school bus, or within 1,000 feet of a school property. These crimes are all misdemeanors with a maximum of four years and / or a \$4,000 fine for all offenses.

In 2006, the U.S. Attorney General provided \$30 million in grants through Project Safe Neighborhoods to support anti-gang efforts, and requested that U.S. Attorneys host local Gang Prevention Summits. A Maryland Summit was held last June. At that event, the then-Governor announced a coordinating committee to create a statewide database of gang activity to assess the extent of Maryland's gang problem.

Noting the growing presence of organized gangs, federal prosecutors are increasingly opting to prosecute gang members under the Racketeering Influences and Corrupt Organizations (RICO) statutes. To obtain a RICO conviction, prosecutors must prove that the crimes committed by gang members were part of an organized criminal enterprise.

Many states, including California, Florida, New Jersey and Washington have enacted "mini-RICOs" to address gang problems at the state level. With HB 713, introduced by the Speaker on behalf of the Governor, Attorney General and State's Attorneys' Association, proposes Maryland follow suit.

The bill would prohibit a person from participating in a criminal gang if they know that the gang is engaged in a repeat crime, and would prohibit a person from assisting in an offense committed to benefit or at the direction of a criminal gang. A gang member convicted under this legislation would be subject to a sentence not to exceed 30 years and/or a fine not exceeding \$100,000.

HORSE RACING HERITAGE ACT (HB 1342)

Horse racing dates back 1721 in Maryland, when the first organized races were held near Annapolis. Over the years, the tradition grew strong, as events like the Preakness Stakes made the state attractive to jockeys, breeders, and race fans alike. According to recent studies, the horse racing industry generates nearly \$600 million in direct economic benefits to the state, and provides thousands of full-time jobs.

Unlike most other states, Maryland's racing industry is a year-round enterprise. The state's racing calendar makes the state highly attractive to horse breeders, and Maryland is one of the few states in the country with a significant number of full time jobs tied to racing.

In recent years, surrounding states have boosted their subsidies to the racing industry, drawing business away from Maryland. The state's purse structure has fallen behind competitors, increasing the likelihood that breeders and other racing-related businesses will relocate to other states.

The Horse Racing Heritage Act would subsidize Maryland's racing industry with up to \$30 million for thoroughbred and standardbred purses and bred funds, which would help ensure the continued vitality of Maryland racing. The bill will be heard by the Ways and Means Committee on Thursday.

CLEAN INDOOR AIR ACT (HB 359)

Last week, the Baltimore City Council passed a citywide smoking ban, joining Howard, Montgomery, Prince George's, and Talbot Counties in prohibiting smoking in bars and restaurants. Sixteen states and 250 municipalities around the country have similar bans.

According to the American Lung Association, 49,500 people die from exposure to secondhand smoke each year. The Bloomberg School of Public Health reports public health costs related to secondhand smoke cost Marylanders \$600 million annually.

The Clean Indoor Air Act proposes a statewide ban on smoking in bars and restaurants, a proposal supported by 70% of voters in the state. Smoking has been banned in workplaces since 1995. The bill will be heard by the Economic Matters Committee on Wednesday.

Upcoming Dates of Interest

March 20 (70th Day)
Committee Reporting Courtesy Date