

Strike the Root, Strike Baltimore's Suffocating Laws

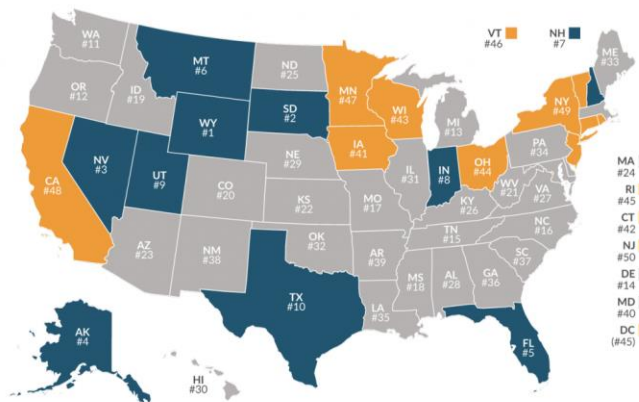
City and State Officials Block the Exit for the Impoverished

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Life in Baltimore last week ground to a standstill, as protesters roved the streets in the wake of Freddie Gray's death in police custody. Businesses were boarded up, schools were closed, people stayed in their homes, and a citywide curfew meant few stayed out after dark.

As protests wane and the city begins to clean itself up, Baltimore and the state of Maryland must determine what course of action to take so these sorts of protests need not happen again. To do so, the public must understand that these protests were not something random, but were born out of misguided public policies, weak governance, and laws that cater to some but not to all.



Note: Published October 28, 2014. Source: State Business Tax Climate Index.

■ 10 Best Business Tax Climates
■ 10 Worst Business Tax Climates

Maryland is ranked 40th in the Tax Foundation's Index of competitive business tax systems by state. ([Tax Foundation](#))

Maryland is a state that has long been poorly governed. The taxes and regulatory burdens are high, and the state government has been involved in scandal after scandal. The nonpartisan Tax Foundation ranks the state's business tax climate as 40th in the nation. All of this makes entrepreneurship difficult, especially when better-governed neighbors like Virginia, Pennsylvania, and Delaware are a short drive away.

There is clearly much to be done to fix both the city of Baltimore itself and the state as a whole. We've already seen some improvement, and this year's budget fixes much of the fiscal shortfall. After years of spending growth, it seems lawmakers now understand that they must justify public spending.

That said, Baltimore [faces](#) some of the highest property taxes in the region, discouraging property ownership in the city and the community cohesion that comes with it.

On the regulatory side, a bipartisan [commission](#) released recommendations to fix problems in navigating the state's regulatory system. That is a good first step, but most of the recommendations were weak. There needs to be a real assessment of all state rules and regulations, with the elimination of those that are weak or counterproductive.

One place that needs improvement is business creation. At best, the state and its cities should streamline and eliminate many of the permits and licenses that businesses must obtain before opening their doors. The "cottage food laws" that govern small-scale food production are some of the [most stringent](#) and onerous in the nation and should be reformed.

The minimum wage in Maryland is also higher than the national average. All of this means that starting a business is expensive and often a bureaucratic nightmare.

And then there are rules about zoning and land use, which make it expensive and challenging for developers to rebuild the state's housing stock. Baltimore's "[inclusionary housing](#)" law, for example, forces developers to subsidize the rents of some individuals by mandating a portion of low-rent units in each development.

These work to prevent redevelopment of the city, the kind of redevelopment that can make Baltimore more vibrant today than in decades past. A good first step would be to streamline the zoning process like the town of [Devens, MA](#) — widely [considered](#) a model of good zoning and permitting rules.

And then there are the unions, the elephants in the room that they are. Unions, especially those of public employees, weigh heavily in the state's politics. They have, thus far, successfully fought attempts to introduce even basic levels of accountability to their employees.

This has locked bad teachers into their often-inner-city classrooms, failing to educate another generation. It has allowed the police to regularly brutalize their citizens without losing their jobs.

It has allowed the state to run up a mountain of unpaid pension bills, with no plan on how to eventually pay for them. The state of Maryland and the city of Baltimore can no longer afford to ignore these issues.

Whatever one considers to be the root cause of the protests that rocked Baltimore last week, it is clear that the laws in the city and state of Maryland are broken, given the unrest we saw. The city and state have strangled civil society through a myriad of rules, taxes, and regulations, which make living and starting a business in the state a nightmare.

Taxpayers pay ever more for poorly provided public services. It's high time for basic good governance reforms to come to the state of Maryland. Both Governor Larry Hogan and Baltimore Mayor Stephanie Rawlings-Blake have proved to be open to these commonsense reforms in the past.

Let us hope they are willing to take the political risks necessary to bring the state and city to prosperity for all.