

January 2012 Newsletter

Parliamentarian, Maryland House of Delegates Chair, Montgomery County House Delegation Member, Economic Matters Committee House Chair, Joint Information Technology and Biotechnology Committee Chair, House Banking, Economic Development, Science and Technology Subcommittee

Dear Friends,

January 11th marked the opening day of the 430th Session of the Maryland General Assembly. This Session's overarching themes once again revolve around the State budget and the economy. We must take the necessary steps to balance our budget while continuing to protect our core priorities: job creation and retention, maintaining our #1 national ranking in K-12 public education, creating economic opportunities for green and biotech businesses and protecting our environment. Please take a moment to review the highlights listed below and, as always, do not hesitate to contact me with your comments, questions or concerns at Brian.Feldman@house.state.md.us.

Governor O'Malley Proposes FY 2013 Budget

New Data Released about the Maryland Economy

The State of Maryland continues to recover from the national economic downturn. According to the U.S. Census Bureau, Maryland is officially the wealthiest state in the United States as measured by median household income. Just this week, the Department of Labor announced that the December State unemployment rate dipped to 6.7%, 1.8% below the national rate. Additionally, in 2011, Maryland added over 30,000 new jobs, more than 80% of those jobs came from the private sector, the best performance since 2006.

Maryland continues to retain its valued triple-A bond rating, one of only nine states in the entire Nation to receive such a rating, a clear statement from Wall Street that Maryland is effectively managing its finances during these difficult times.

The Governor's Proposed Budget

Unlike the Federal Government, the Maryland Constitution requires the State to pass a balanced budget each year. Last week, the Governor introduced his \$ 35.5 billion budget for FY 2013. The Governor's plan limits total budget growth to 1.9% over FY 2012 levels; general fund expenditures are reduced from prior year levels and the State's \$ 1.1 billion ongoing structural deficit is reduced by 59%. We now have the fewest number of State government employees on a per capita basis since 1973. Meanwhile, the FY 2013 budget includes a \$ 3.6 billion capital budget, providing construction projects to support over 37,000 jobs and essential investments in our State infrastructure, including \$ 373 million for public school construction.

As for core priorities, the Governor proposes an increase in funding for K-12 education, health coverage for more than one million Marylanders who would otherwise go without insurance, full funding for Program Open Space and a record \$ 25 million investment in the Chesapeake Bay 2010 Trust Fund. The Governor also proposes investments in Maryland's knowledge-based industries such as the life sciences, information technology and clean energy. Specifically, the proposed budget includes a \$ 10.4 million investment for Stem Cell Research and \$ 8 million for the Biotechnology Investment Tax Credit, a successful program for small early-stage Maryland biotech companies that I helped create several years ago.

There are several key components of the Governor's plan which I have serious concerns about with respect to their impact on my constituents and Montgomery County as a whole. Montgomery County has the State's fastest growing school system, employing more teachers than any county, and our teachers generally receive higher salaries. The State currently pays the entire cost of teacher pensions, totaling \$ 946 million in FY 2013. In a reversal of an 85 year precedent, the Governor is proposing to shift a significant portion of the teacher pension costs to the counties by requiring them to pay 50% of the combined costs of social security and teacher retirement contributions. Local governments currently pay for social security only, which accounts for one-third of the combined costs. If adopted, this cost shifting proposal would result in a \$ 40 million direct financial hit to Montgomery County, an amount projected to increase significantly in subsequent years. As Chair of the Montgomery County House Delegation, I will work with my colleagues to oppose this proposal as it currently stands.

Another aspect of the proposed budget that I have reservations about relates to suggested changes to our income tax code. The plan reduces personal exemptions for individuals with adjusted gross income (AGI) greater than \$ 100,000 and married couples with AGI greater than \$ 150,000. Individuals with AGI greater than \$ 150,000 and married couples with AGI greater than \$ 200,000 would see their itemized deductions phased out.

Education

For the fourth consecutive year, *Education Week*, the Nation's leading education newspaper, announced that Maryland is ranked #1 in the United States in K-12 public education. *Education Week's* report is compiled from detailed data and analysis of the Editorial Projects in Education Research Center. This distinction is the direct result of the fact that the State doubled its investment in public education over the last decade. Under the Governor's proposed budget, Montgomery County is slated to receive approximately \$ 27 million more in direct state aid for K-12 education than it did last year.

The Governor's proposed budget funds K-12 public education direct aid at \$ 5 billion, a \$ 108.5 million increase over FY 2012. \$ 5.4 billion is budgeted for higher education, limiting tuition increases for the University System of Maryland for the third straight year to a modest 3%, after an unprecedented four years in which tuition was frozen at the 2006 level. *Kiplinger's Magazine* recently ranked the University of Maryland, College Park #8 for Best Value among public universities.

I am committed to continue to fund our children's educational needs because a highly educated workforce is essential for Maryland to prosper economically.

Health and Wellness

Maryland continues to strive to extend health care to the State's most vulnerable population and ensure that Marylanders in need have access to the most necessary services and resources. The proposed budget provides access to health care for over one million adults and children in Maryland who would otherwise go without insurance. It includes \$ 27 million in State funds, which leverages \$ 20 million of matching Federal funds, for an investment in the system of services for Marylanders with developmental disabilities.

Environmental Protection/Wind Power

The proposed budget funds several important on-going programs that are essential to improve the health of the Chesapeake Bay and maintain and promote our quality of life, including the Chesapeake Bay 2010 Trust Fund, the Bay Restoration Fund and Program Open Space. The \$ 25 million investment in the Chesapeake Bay 2010 Trust Fund will support urban and storm water projects and agricultural Best Management Practices.

This week, the Governor unveiled new legislation to promote offshore wind in Maryland. The Maryland Offshore Wind Act of 2012 proposes an offshore wind renewable energy credit (OREC) which would allow companies to earn certificates for using a percentage of offshore wind. These credits would fit within the State's

Renewable Portfolio Standard program. Additionally, a 450 megawatts project would be built, creating 1,800 construction jobs and 360 permanent maintenance jobs. The bill limits the rate impact for the average residential customer which would not take effect until 2017.

Marriage Equality

Also this week, Governor O'Malley introduced The Civil Marriage Protection Act of 2012 which will allow same-sex couples to obtain a government-issued marriage license. I was a co-sponsor of the Religious Freedom & Civil Marriage Act of 2011 which failed in the House last year and I am a co-sponsor of the Governor's bill this year. I will continue to support equal rights for all Marylanders.

My Areas of Focus This Session

Protecting Montgomery County's Interests

A great deal of my time this Session will be devoted to protecting Montgomery County's interests during this difficult budgetary process. As the Chair of the Montgomery County House Delegation, I will fight to ensure that Montgomery County's interests are protected and that we get our fair share of State resources.

Promoting our Biotech Sector

I continue to serve as the House Subcommittee Chair on Banking, Economic Development, Science and Technology, as well as the House Chair of the Joint Information Technology and Biotechnology Committee. A major goal of these committees is to increase knowledge and awareness for our technology sector and enact policies which promote information technology and biotechnology in the State. Montgomery County is home to over 200 biotech businesses, a significant growth area for Montgomery County and our entire State economy. More than 11,000 employees, representing 65% of Maryland bioscience workforce, work along the I-270 Technology Corridor.

Redistricting

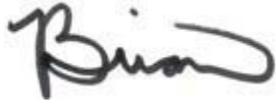
The Maryland Constitution required the Governor to present a legislative districting plan to the General Assembly by the first day of the Session. Based on the 2010 census, Governor O'Malley introduced his plan on January 11, 2012. The plan is assigned to the House Rules and Executive Nomination Committee and the Senate Reapportionment and Redistricting Committee. Unless an alternative plan is presented to the General Assembly, the Governor's plan will become law on the 45th

day of Session, February 24th, and the new State legislative districts will be in effect for the 2014 elections. If you are interested in viewing the proposed newly drawn map, click on this link:

planning.maryland.gov/Redistricting/redistrictingLegislativeMap.shtml.

As always, I value your input and if you have any questions or comments, please do not hesitate to contact me at Brian.Feldman@house.state.md.us or call me at 301-858-3186.

Sincerely,

A handwritten signature in black ink that reads "Brian". The signature is written in a cursive style with a large, prominent initial "B".

Brian J. Feldman