2015 Eastern Shore Local Government Exchange

Summary of the 2015 Legislative Session and Interim
The Budget

FY 2016 Operating Budget

- Grew by 1.5% to $40.5 billion with a projected closing balance of $27.7 million and would leave $814.1 million in State’s “Rainy Day” Fund.
- Ongoing $650 million structural deficit reduced by 68% or $444 million through budget and related actions by General Assembly, leaving $206 million ongoing gap.
- Deficit reduction could reach 82% if Administration’s 2% across-the-board reductions result in ongoing savings.
- However, structural deficit still predicted to grow to $635 million by FY 2020 without further long-term action.
The Budget

Aid to Local Governments

- Aid to Local Governments (includes education funding) increased 2.0% or $127.3 million
- Direct aid to counties and municipalities increased by 2.8% or $6.8 million
- Eastern Shore Counties mostly saw increases in State Aid (counting education funding)
- Highest increase = Dorchester at 5.3%
- Highest decrease = Kent at -2.0%
- Changes mostly driven by public school funding
The Budget

Highway User Revenues (HUR)

- Local HUR restoration was a MACo legislative initiative for 2015 but all introduced bills failed
- Administration bills (HB 484/SB 591) and SB 181 provided phased restoration of local HUR 30% share
- HB 837 – Immediate local HUR restoration and constitutional “lockbox”
- HB 899 and HB 1003 – Local government share of revenues from inflationary adjustment of motor fuel tax and motor fuel sales tax

However, supplemental budget provides additional $25 million for local transportation funding - $4 million for counties, $19 million for municipalities, and $2 million for Baltimore City
The Budget

FY 2016 Capital Budget
- Totals $4.215 billion
- Authorizes $1.064 billion in new general obligation (GO) bond debt ($1.045 billion from new authorizations, $18.7 from current GO de-authorizations)
- $314.2 million in GO bonds for school construction HB 110 – authorized $4.625 million in Qualified Zone Academy Bonds (QZABs) for schools

State Debt Limits
- State essentially at its self-imposed debt capacity limits due to revenue write-downs in December 2014
- Very limited ability now to absorb operating budget costs into capital budget
**Taxes and Revenues**

- **SB 592** – Increases existing military retirement income tax subtraction modification from $5,000 to $10,000 for military retirees who are at least 65

- **United States Supreme Court Case – Comptroller v. Wynne Case**
  - Supreme Court held Maryland’s current system of handling out-of-state income is unconstitutional and must be altered to grant more credits (5-4 decision)
  - County impact is significant - $200 million in anticipated refunds and ongoing revenue reduction of $40-50 million a year
  - MACo and several Maryland counties joined an amicus brief arguing to preserve the current system
  - MACo did work with State to craft budget language setting interest rate on repayments to average prime rate, reducing some of repayment costs
Health and Human Services
Public Information & Ethics

- Health and Human Services
  - SB 641 – Substance Abuse Treatment Outcomes Partnership Fund (MACo Legislative Initiative)
  - SB 516 – Overdose Response Program (ORP) training and expanded authorization to dispense naloxone
  - HB 896 – Joint Committee on Behavioral Health and Opioid Use Disorders

- Public Information & Ethics
  - HB 755/SB 695 – Maryland Public Information Act reforms (Compliance Board, Ombudsman, response times & denials, fees, judicial review & penalties, reports)
Environment

- SB 863 – Stormwater Remediation Fee (“Rain Tax”) Reform (“Repeal” of fee mandate, annual reporting & financial assurance plans, penalties, municipal tax offset, alternate compliance plans, application to non-phase I jurisdiction stormwater fees)

- Montgomery County Circuit Court Case – Paul N. Chod v. Montgomery County Board of Appeals

- Phosphorus Management Tool (PMT) Regulations

- 2017 Chesapeake Bay Total Maximum Daily Load (TMDL) Milestone (Maryland efforts, EPA acknowledgement of Pennsylvania and Conowingo Dam issues)
Planning & Zoning

- HB 919 – Adoption and Amendment of Comprehensive Plans By Legislative Bodies in Non-Charter Counties and Municipalities
- SB 94 – $50 county surcharge for Geographic Information System (GIS) products
- Workgroup on State Highway Entrance Permit Process
- PlanMaryland
Public Safety & Government Liability

Public Safety
- SB 602 – Justice Reinvestment Coordinating Council to study sentencing and correctional practices
- HB 533/SB 482 – Police body camera policies and Commission Regarding the Implementation and Use of Body Cameras by Law Enforcement Officers

Government Liability
- HB 113 – Increases Local Government Tort Claims Act damage caps ($400,000 per individual claims, $800,000 for all claims arising from single incident, 1 year notice requirement, no burden of proof changes)
- HB 368 & SB 546 – Civil Immunity for First Responders administering Naloxone for opioid overdoses (MACo Legislative Initiative)
2015 Interim

- Maryland Economic Development and Business Climate (Augustine) Commission (State’s tax structure)
- Regulatory Reform Commission (Best Available Nitrogen Removal Technology (BAT) Septic System changes?)
- Maryland Sustainable Growth Commission (rural Smart Growth issues)
- Maryland Climate Change Commission (workgroups examining recommendations on mitigation and adaptation)
- Conversion from 6-year to 10-year planning cycle
- Land Preservation Workgroup (transfer tax funding for land preservation programs)
- Cumulative Impact Workgroup (air pollution permits and environmental justice issues)
- Nutrient Credit Trading and “Accounting for Growth”
- Sprinkler Systems (concern in rural areas over mandate & cost implications for affordable housing)
Contact Information

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