

2011 Session Letter

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 Friend,

The Maryland General Assembly's 2011 Legislative Session concluded on April 11, 2011. The following is a summary of several important issues that may interest you. Thank you for taking the time to read this letter and if you have any questions or comments, please do not hesitate to contact me at Brian.Feldman@house.state.md.us.

A Balanced Budget

The Fiscal Year (FY) 2012 Budget discussions focused on addressing the State's structural deficit, passing a balanced budget for FY 2012 and finding viable solutions to allow the State to continue to fund key priorities. The General Assembly passed a **balanced** FY 2012 Operating Budget and passed a FY 2012 Capital Budget which cut the debt ceiling by \$ 215 million to \$925 million in new general obligation bonds. These bonds will fund \$ 250 million in school construction projects across the State and \$ 198 million for higher education facilities.

Our state pension costs are one of the largest cost drivers in the budget, with an overall State liability of \$ 1.5 billion in General Funds for FY 2012. The General Assembly made a commitment to maintain a defined benefit pension system for State employees and identify ways to relieve some of the burden on retirees for prescription costs. Changes were made to the vesting requirements, employee contribution levels and retirement ages. Also, a new prescription drug plan was developed. The savings from these reforms will be invested back into the retirement system to reduce the unfunded pension liability.

One of Maryland's greatest achievements is its educational system. I am proud of Maryland's designation from *Education Week*, the Nation's leading education

newspaper, which ranked Maryland's public schools **first in the Nation for a third year in a row**. This distinction is a direct result of the significant investment the State has made in K-12 education over the last decade. For FY 2012, K-12 public schools will receive \$ 5.8 billion in funding and higher education will receive \$ 1.4 billion. This accounts for over half of the State's General Fund. We were able to limit a tuition increase at Maryland universities to 3% (after being the only State in the Nation to freeze tuition for four straight years) and establish a special grant program that will cap community college tuition increases at 3%.

The General Assembly was able to leave nearly \$ 730 million in cash reserves, including \$ 681 million in the State's Rainy Day Fund and \$ 50 million in the General Fund. Maryland is one of only four states in the Country that did not use its Rainy Day Fund during the recession. Maryland has also retained its AAA bond rating, **one of only eight states in the Nation** to have such a rating. Moody's stated that the rating "**reflects Maryland's strong financial management policies, stable economy with high personal income levels and ability to maintain positive available reserves despite sustained pressure on its budget.**"

Feldman Bills

Mindful of budgetary constraints this year, I sponsored bills that were intentionally designed to have no fiscal impact on the Budget.

The most important piece of legislation I introduced that gained passage is the **Maryland Electricity Service Quality and Reliability Act of 2011**, commonly known in Montgomery County as the **Pepco** bill. The bill requires the Maryland Public Service Commission to set specific standards of service reliability for electric companies doing business in Maryland, while **not** passing the cost on to consumers. If the standards are not met, strict economic penalties will be imposed on those companies that do not comply. This legislation is an important step forward in holding Pepco fully accountable for its service performance and provides the necessary incentives for Pepco to considerably improve their service record. I want to thank Governor O'Malley and Montgomery County Councilmember Roger Berliner for their assistance in drafting this legislation and gaining its passage.

I co-sponsored legislation which, for the first time, permits the direct shipment of wine to Maryland consumers from wineries located within our State and across the Country. Assigned to the Economic Matters Committee, my Committee was instrumental in crafting a compromise that allows Maryland to join 37 States and the District of Columbia in permitting direct wine shipping.

I also introduced and gained passage of six bills that will update, clarify and modernize our corporate laws. These updates will allow Maryland corporations to compete more effectively and efficiently. One corporate bill is a follow-up to last year's innovative, first in the Nation, "Benefit" or "B Corporation" legislation. This corporate structure has encouraged green

businesses and socially-conscious corporations to settle and register in Maryland and has quickly become a model for the rest of the Nation. This year's Benefit Corporation bill allows Limited Liability Corporations to organize as Benefit Corporations.

Stimulating Maryland's Economy

As the House Chair of the Joint Information Technology and Biotechnology Committee, I continue to focus my attention on issues relating to our technology sector. In January, the Milken Institute again ranked **Maryland second in the Nation for technology and science assets**.

As the original author and lead sponsor of the innovative Biotechnology Tax Credit program, I am pleased to report that this program has been extremely successful in incentivizing investors in small, early stage biotech companies in Maryland. This year, I gained passage of a bill that will expand access to this program and am pleased to note that \$ 8 million has been allocated again to the program for FY 2012.

I also supported Governor O'Malley's initiative, *InvestMaryland*, which creates a premium tax credit program for institutional investors, like insurance companies, to fuel venture capital investment in Maryland businesses. While Maryland's job growth was twice the growth rate of the rest of the Country, we still need to invest in new and emerging technologies to keep Maryland competitive in the national economy.

Montgomery County Delegation

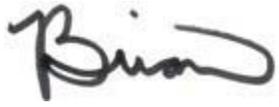
As the Chair of the Montgomery County House Delegation, I have enjoyed the challenge of leading the State's largest delegation. This year, Montgomery County will receive a 7.7% increase in K-12 school funding over last year. This amounts to a \$ 40 million increase, the largest of any county in Maryland. We also secured \$ 56 million in State Capital Funds for Montgomery County projects. These projects will create local jobs and are directed toward our County's community colleges, local schools, parks and recreational facilities, libraries, community centers, as well as charitable and cultural organization.

I also worked with my Delegation colleagues on behalf of the County to ensure passage of several improvements to the State's K-12 Maintenance of Effort (MOE) requirement, including a bill that will delay for one year any MOE related penalty that

may be imposed on our County. Counties and local school boards across the State supported this change in the law.

In closing, 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, appearing to read "Brian". The signature is fluid and cursive, with a large initial "B" and a trailing flourish.

Brian J. Feldman