



2015 Legislative Session Begins

Dear Friend,

January 14th marked the opening day of the 435th Session of the Maryland General Assembly and a week later Governor Larry Hogan was sworn in as Maryland's 62nd Governor. I look forward to working together with our new Governor to grow and diversify Maryland's economy, create good jobs and protect priority programs and services critical to Maryland's future.

I serve on the Senate Finance Committee, Chair its Transportation Subcommittee and will continue to serve on the Joint Committee on Cybersecurity, Biotechnology and Information Technology. Most recently, I was appointed the new Senate Chair of the Joint Committee on Federal Relations, a House-Senate committee which interacts with Maryland's Congressional delegation on federal-state issues impacting our State.

Please take a moment to review the highlights below and feel free to contact me with your comments, questions or concerns at Brian.Feldman@senate.state.md.us.

Maryland Economy

Maryland's economy remains solid, growing at approximately 3.5% annually. Maryland has restored 100% of the jobs lost during the Great Recession and our revenues continue to grow. The State unemployment rate was 5.5% in December, down from 6.0% in November. Employers added 11,000 jobs in December, the largest monthly job gain since May, 2010.

For the third consecutive year, the U.S. Chamber of Commerce named Maryland #1 in the Nation for Entrepreneurship and Innovation. Maryland maintains its coveted AAA bond rating from all three credit rating agencies, an endorsement from Wall Street that the State has effectively managed its fiscal affairs. Maryland is one of only seven states to maintain that top rating throughout the recession.

Governor Hogan Proposes Fiscal Year 2016 Budget

Budget Overview

Last week, Governor Hogan introduced a proposed \$ 40.5 billion State operating budget for fiscal year 2016 (FY16) that the General Assembly is currently reviewing. An additional \$ 4.3 billion is proposed by the Governor for the capital budget.

The proposed budget includes **cuts** that will greatly impact education, health care and State employees. Although education spending for K-12 increases, several jurisdictions where it costs more to provide education, including Montgomery County, will lose millions of dollars in anticipated funds. Specifically, the proposed budget cuts \$ 68 million from the Geographic Cost of Education Index, an education funding formula that benefits counties where education costs are highest. This translates into a \$ 17.7 million **cut** for Montgomery County, the State's fastest growing school system (a 2,300 students increase in 2014 - the size of an average high school in the County). The budget also proposes lower reimbursement rates for doctors who participate in Medicaid, the State health

insurance program for the poor. This will likely result in fewer doctors serving poor populations. As for State employees, the Governor proposes to cancel a 2% cost-of-living raise for State employees that just recently went into effect.

Education

Notwithstanding the challenges associated with the proposed budget cuts, *Education Week*, the Nation's leading education newspaper, ranked Maryland #3 in the Nation among state school systems. Maryland moved up to #2 in student achievement. *Education Week's* report is compiled from detailed data and analysis of the Editorial Projects in the Education Research Center. Additionally, the Maryland high school graduation rate rose to 86% in 2013-14, a 4% increase since 2010. Montgomery County's high school graduation rate rose to 89.7%.

The Governor's proposed budget includes \$ 6.1 billion for K-12 education, maintaining \$ 4.3 million to fund pre-Kindergarten and \$ 291 million for school construction. Supporting our nationally recognized public education system is one of my highest priorities. We must continue to invest in our schools and our children's future.

Energy and The Environment

As the recipient of the 2014 Legislative Leadership Energy Award, I will continue to champion policies to promote clean energy and energy efficiency. Maryland has surged from forty-seventh place in the Nation in energy efficiency less than a decade ago into the **top ten**, according to the American Council for an Energy-Efficient Economy, a non-profit organization focused on improving energy policies. This session, I am sponsoring **The Clean Energy Act of 2015** which, if passed, will increase the percentage of the State's total energy usage coming from renewable sources, such as solar and wind power, over the next decade. This legislation provides environmental and health benefits for Marylanders with the added benefit of creating thousands of new, high paying jobs by growing our clean energy sector.

I was disappointed to learn last week that **two key environmental regulations were rescinded** by Governor Hogan on his first day in office. The regulation that was created to comply with the Environmental Protection Agency mandate for Chesapeake Bay cleanup using the proposed "Phosphorous Management Tool" was scrapped. And, a pending regulation that was created to curtail dangerous emissions from existing coal fired power plants was also cancelled. As a result, Maryland is left with the previous regulations, necessitating the enactment of new regulations to comply with the Federal mandate and national air quality standards.

Biotech and Cybersecurity Sectors

As a member of the Joint Committee on Cybersecurity, Information Technology and Biotechnology, I look forward to advancing our State's emerging technology sector and to develop policies that will promote those sectors. Montgomery County is home to almost 225 biotech businesses and more than 11,000 employees work along the I-270 Technology Corridor. The State, particularly Montgomery County, is on track to become a national leader in the growing cybersecurity industry with the presence of the new National Cybersecurity Center of Excellence located in my legislative district. The focus on biotechnology and cybersecurity provides significant economic opportunities for Montgomery County and our entire State.

The proposed FY 2016 budget includes \$12 million for the Biotech Tax Credit (a program I created through legislation), \$ 9.4 million for Stem Cell research and \$ 2.5 million for the Cybersecurity Tax Credit.

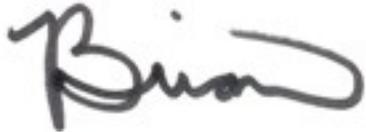
Tax Policy

There was a great deal of discussion about tax reform during last year's political campaign. As the only Tax Lawyer and CPA in the Maryland General Assembly, I plan to focus my attention on this important topic. Because Maryland has not undertaken a comprehensive review of the tax code since the late 1980's, I am sponsoring a bill entitled **The Commission on Tax Policy, Reform and Fairness**. This legislation will establish a commission to comprehensively examine the State's tax code and make recommendations to the General Assembly regarding possible changes to Maryland's tax structure.

With the new Governor and sixty-nine newly elected legislators, the 2015 Session is shaping up to be a very interesting and challenging one, filled with many new ideas. I will keep you abreast of developments from Annapolis by sending regular updates.

As always, I value your input and if you have any questions or comments, please do not hesitate to contact me at Brian.Feldman@senate.state.md.us or call me at [301-858-3169](tel:301-858-3169).

Sincerely,

A handwritten signature in black ink, appearing to read "Brian". The signature is written in a cursive, flowing style with a large initial "B".