



GREATER BALTIMORE COMMITTEE

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March 31, 2017

State House Update

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GBC'S 2017 AGENDA

GBC's 2017 Legislative Agenda

GBC'S LEGISLATIVE TRACKER

To read testimony and get more information about bills the GBC tracked this year, visit our legislative tracking website.

MD GENERAL ASSEMBLY

General Assembly Website

Committee Schedule

GBC EVENTS

April 19, 2017

Newsmaker Breakfast: Bernard C. (Jack) Young, President, Baltimore City Council

May 15, 2017

Message to Members

Legislators completed the FY2018 operating and capital budgets one week before the April 3 deadline. The \$43.5 billion operating budget and the \$1.065 capital budget, originally submitted by Governor Larry Hogan at the start of the session in January, will go into effect July 1. This year marked the second session in a row where budget battles were at a minimum.

There are a number of notable highlights regarding the FY2018 operating budget. The budget includes no tax increases, nor does it include tax cuts. Spending grew 0.5 percent year over year, which totals \$85.6 million. The budget reduces the structural shortfall in FY2018 by 50 percent and reduces the overall structural deficit from nearly \$400 million to \$38 million.

Other highlights of the budget include \$6.4 billion in spending for public schools and \$10 billion in Medicaid funding, which provides coverage to almost 1.4 million residents. State support for Maryland's public four-year colleges and universities grows by \$32.7 million, allowing undergraduate tuition rates to increase only 2 percent. Budget leaders left a \$100.2 million cushion outside of the \$860.3 million Rainy Day Fund, which are both important to ensure Maryland keeps its coveted AAA bond rating and to provide a buffer for potential federal revenue cuts.

For Baltimore City, the budget included \$23.7 million of funding to help close the school system's budget deficit while restoring cuts for local college scholarships and the Enoch Pratt Free Library system. Also beneficial were items in the two supplemental budgets. These items include \$10 million to fight

GBC Annual Meeting

May 17, 2017

Newsmaker Breakfast: Scott Burger, PANDORA, President of the Americas

June 21, 2017

Newsmaker Breakfast: Paul Comfort, Administrator and CEO, MTA

July 12, 2017

GBC Golf Classic

July 19, 2017

Newsmaker Breakfast: Dr. Sonja Brookins Santelises, CEO, Baltimore City Public Schools

August 9, 2017

Newsmaker Breakfast: Ricky Smith, CEO, Baltimore Washington International Thurgood Marshall Airport

September 20, 2017

Newsmaker Breakfast: Rod. J. Rosenstein, United States Attorney, District of Maryland

October 18, 2017

Newsmaker Breakfast: Dr. Thomas M. Scalea, Physician-In-Chief, R Adams Cowley Shock Trauma Center

November 15, 2017

Newsmaker Breakfast: Dr. Redonda Miller, President, The Johns Hopkins Hospital, and Dr. Mohan Suntha, President and CEO, University of Maryland Medical Center University Campus

Event and sponsorship information:

Lisa Byrd at 410-727-2820

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heroin and opioid addiction, \$2 million for the Baltimore Police Department to purchase new equipment that complies with the U.S. Department of Justice consent decree and \$1 million to the Maryland Technology Development Corporation provides the next level of needed funding after the initial seed investments.

In the field of economic development, the Department of Commerce's budget was reduced. The Maryland Economic Development Assistance Authority and Fund had \$5 million in new money cut and is likely to lose another \$5 million unless contingent legislation passes prior to the end of session. Other cuts included \$400,000 to the office of Biohealth and a reduction of \$3.2 million to the Small, Minority and Women-Owned Business Account.

Looking forward, budget makers remain concerned about actions in Washington, D.C., and their impact on Maryland's budget and revenues. For example, financial implications of health care reform legislation remains a possibility. Additionally, budget battles in Congress or cuts to non-defense federal spending have the potential to harm Maryland's economy, create unemployment and reduce tax revenue.

As always, if you have any questions or concerns, please feel free to contact me.

Sincerely,



Donald C. Fry
President and CEO

Baltimore City School Funding

The Governor and legislative leaders reached a compromise for closing Baltimore City's \$130 million school funding shortfall. The shortfall is largely due to declining revenues stemming from the existing school funding formula, which reduces funding to jurisdictions with declining enrollment. Baltimore City schools will receive \$28 million in new funding from the State to help close the budget gap in exchange for submitting to new auditing requirements. The remaining shortfall will be closed through the use of cuts, local reserve funds, new funding from Baltimore City and a legislative change to the State school funding formula. Ten other county school systems are also receiving additional State funding to close shortfalls due to declining enrollment.

Important Issues To Be Addressed In Last Week Of 2017 Session**Mandatory Paid Sick Leave**

Sick leave legislation remains pending in the Maryland General Assembly, but the finishing touches are being negotiated in preparation for sending a bill to Governor Larry Hogan. The

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Governor has indicated that he will veto this legislation, which requires sick leave for employers with 15 or more employees. The Governor submitted legislation with a 50 employee threshold, but that bill has not moved. By sending the bill to the Governor six days before the close of session, the Governor must take action and give the legislature the opportunity to override the veto. In its current form the bill appears to have a veto-proof majority, thus making a veto override likely.

Cash Bail Reform

Cash bail reform, supported by the GBC, is an issue still being debated in the final days of the legislative session. The Maryland Legislative Black Caucus voted 31-5 to oppose pending legislation that negates part of a recent Maryland Court of Appeals ruling that seeks to eliminate the use of cash bail. The Black Caucus' position puts into question the bill's likelihood of passing the House, where the bill awaits action following Senate passage.

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**Gubernatorial Vetoes**

Legislators have sent a number of bills to be signed or vetoed to Governor Hogan. The Governor has indicated that he plans to veto at least three of these bills prior to the end of the 2017 legislative session. The bills he has promised to veto address education reform, impose mandatory paid sick leave for employers and allow police to refuse cooperation with federal immigration authorities. Bills sent to the Governor at least six days prior to Sine Die, the close of session, must be either signed or vetoed prior to the end of the session. Sending bills to the Governor within this time frame allows the legislature to attempt to override a veto in the same session as the bill was passed. Otherwise, legislators would have to wait until the start of the 2018 session to attempt a veto override, unless there would be a special session.

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**GBC 2017 Legislative Priorities**

For reference during the session, please take a look at the [GBC's 2017 Legislative Priorities](#), which serve as the foundation of our efforts in Annapolis and throughout the year. These priorities communicate to policymakers specific actions or recommendations that policymakers can undertake to create jobs and improve the business climate.

**Upcoming Dates of Interest**

Join the GBC on **April 19** for a [Newsmaker Breakfast with Baltimore City Council President Bernard C. \(Jack\) Young](#) and for a **May 17** [Newsmaker Breakfast with Scott Burger, PANDORA, President of the Americas](#) at the headquarters for PANDORA Americas, located in Downtown Baltimore.

Join the GBC on **May 15** for its [62nd Annual Meeting](#), the state's premier business event of the year. To become a sponsor for this important event, contact [Lisa Byrd](#), Event and Business Development Manager, at 410-727-2820.



LEGG MASON
GLOBAL ASSET MANAGEMENT

