

## Update on the Budget Process

Last week was the longest and most contentious week of the 2012 session to date. Long hours on the House floor were filled with passionate and thoughtful debate. By the end of the week, Saturday at 6:00 PM, we had voted out the Budget, the BRFA, Maintenance of Effort, the Tax Package and the “Flush Tax” (The Chesapeake Bay Restoration Fund-Fees) along with hundreds of other bills that were voted favorable in the various committees. Several major policy bills are still waiting for action: the Sustainable Growth Bill and Agricultural Preservation Bill (HB445), Video Lottery Terminals and Table Games, (SB892/HB1265), State Boat Act Fees and Requirements (HB1307) and the Maryland Offshore Wind Energy Act (HB441/SB237), just to list a few.

### Budget Differences

There are four budget bills: SB150 – Budget Bill, SB152 – Budget Reconciliation and Financing Act of 2012(BRFA), SB 523 - State and Local Revenue and Financing Act of 2012, and SB 848 – Maintenance of Effort. We must pass all four or we will end up with the “doomsday budget”. This year the Senate acted on the Budget bills first and the House used the bill passed by the Senate and changed it using the amendment process. Generally speaking, the Senate budget includes greater tax increases than the House version.

- SB 150 – The Budget Bill contains the appropriations for all of the State Departments, including Education and Emergency Services, for the fiscal year ending June 30, 2013. I did vote for The Budget.
- SB 152 - The BRFA alters the distribution of revenues and transfer of certain funds. It is needed to support the budget. The Senate bill includes the shift of teacher’s pensions to the counties over three years. The House budget phases in the “normal costs” of teacher pensions to the over the next three years. Sharing the “normal costs” means the counties will pick up roughly 1/3 of the total cost of teacher pensions and pay only expenses associated with their current employees. This represents a significant savings to the county over the Governor’s initial 50/50 pension sharing proposal. The “normal costs” option is favored by the Maryland State Education Association. I voted for amendments that deleted the transfer teacher’s pensions to the counties, however, none of the amendments passed. Ultimately, I did vote for the BRFA.
- SB 523 is another funding bill for the State budget. The Senate passed the bill with tax increases for the majority of residents and repealed the income tax reductions of 1997. The House budget raises revenues by asking those with the most to pay a little more. 87% of Marylanders will not see any increase in their State income taxes. The top13% of filers will see a progressive increase in their tax rate and a progressive reduction in their exemptions. This plan raises \$227M, less than half the revenue increase of the Senate plan. Like the Senate plan, it does not limit mortgage interest deductions.

I was very opposed to the tax increases in SB523, however, it did pass the House with many amendments. I did not vote in favor of this bill, I felt that more cuts could have been taken so that no tax increases would be necessary.

- SB 848/HB1412 - Maintenance of Effort (“MOE”) is a decades old requirement that county public school systems must maintain the same level of per pupil funding that existed in the previous year. Each county provides funds but also relies on the state to support its schools. Over the past few years, however, many counties have reduced their contributions and expected the state to provide an increase in the required funds! This is unsustainable. There is a need for greater predictability. The bill also excludes debt service from the MOE calculation and creates a waiver process.

I supported SB848/HB 1412 to require each county to meet its MOE, limiting the ability of the counties to reduce its contributions. If the county does not meet MOE, then the State is able to redirect the county’s piggyback income tax from the county to the school system and it enables a county the right to increase the property tax even if a tax cap or tax revenue cap is in place. This is a serious attempt to get each county that is not meeting MOE, or committed to providing needed funds, to take the responsibility for local public education. SB848/HB 1412 does not mandate that a county increase taxes, but it does mandate that every county must meet education funding requirements as mandated by our State Constitution.

Overall the budget is a good work product of the Appropriations Committee which continues to support education, health care and the environment. Since the Senate refused to accept the House amendments, a Conference Committee has been appointed. This Committee includes members of both the House and Senate. They will meet until a compromise budget is worked out. The final product of the Committee will then be voted on by the members of both the House and Senate.

Here is the Baltimore Sun’s Opinion on House version of the budget:

<http://www.baltimoresun.com/news/opinion/editorial/bs-ed-budget-20120326,0,1148650.story>

### **Environmental Bills of Interest**

*HB 446 - Environment - Bay Restoration Fund - Fees and Uses, the “Flush Tax”.* This Legislation requires an increase in the fees Maryland citizens pay toward improving the wastewater treatment facilities in the State, as well as achieve nutrient removal in the Chesapeake Bay as mandated by the federal Total Maximum Daily Load (TMDL) requirements. This legislation would increase the monthly flush tax to a \$5 for each residential dwelling, a \$60 annual fee for citizens served by a septic system, and a \$5 per month for businesses for every equivalent dwelling with a cap of \$120,000 per year. (The original bill tripled the fee.) This increase in the monthly fees will lead to an estimated \$99 Million annually, which will be used, specifically, to improve the remaining 40 major wastewater treatment plants by the year 2017 as mandated by the federal government. This legislation requires that the fees be increased until 2030, at which time the fees will return to \$2.50 per month and \$30 flat fee for citizens served by a septic system.

*HB 987 - Stormwater Management – Watershed Protection and Restoration Program.* This bill requires each county to adopt certain ordinances to establish a watershed protection and restoration program. The program must include a stormwater remediation fee. In 2004, when I was on the County Council, Anne Arundel County had 450 million dollars in stormwater devices that needed retrofit. Few if any of these devices have been retrofitted and the cost is now estimated at approximately 2 billion dollars. Nothing has been done to improve the stormwater run-off that is polluting the bay from the Anne Arundel County stormwater management program. I voted for the bill to require a fund be established to provide for these improvements.

Thank you for allowing me the honor to represent the constituents of District 32. Please continue to stay in touch. My contact information is: [Pamela.beidle@house.state.md.us](mailto:Pamela.beidle@house.state.md.us) or (410)841-3370. Also, please visit my facebook page, just search Delegate Pam Beidle or my website: [www.pambeidle.com](http://www.pambeidle.com).