



Rural Maryland Council 2016 Legislative Review

The 2016 Maryland General Assembly Legislative Session was a strong year for rural communities. Highlights included the inclusion of revenue for the Rural Maryland Prosperity Investment Fund in the State's Fiscal Year 2017 Operating Budget, funds for the Next Generation Farmland Acquisition program and the repayment of funds that are diverted from Program Open Space. We thank Governor Larry Hogan for including funds for the Rural Maryland Council and the Legislature for their support.

The Council remained active participants during the 2016 Legislative Session. During this time, we worked to advance our legislative priorities and increase our visibility with legislators. Activities included hosting a welcome breakfast for rural legislators, organizing Rural Maryland Day in Annapolis, testifying before standing committees, the Rural Caucus and local delegations as well as submitting written testimony.

The State's Fiscal Year 2017 Operating and Capital budget were passed with bipartisan support. For Fiscal Year 2017, the State's Operating Budget achieves structural balance with budget growth under Spending Affordability guidelines. Growth in total State spending, excluding reserve fund appropriations, is 4.6%. Current budget forecasts indicate that the cash balances in the Rainy Day Fund and the General Fund are sufficient to balance the budget through fiscal 2020. The State's commitment to public schools is maintained with State support over \$6.3 billion. The budget also includes \$19.4 million for five school systems that have lost enrollment and aid in recent years.

RMC Budget Priorities achieved:

- RMC will receive an additional \$2,000,000 in funding for the Rural Maryland Prosperity Investment Fund for a total of \$2,167,000
- Additionally, the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF) is funded at \$167,000
- The five Regional Councils are funded at \$200,000 each
- The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) is level funded at \$2,875,000

Viable Agriculture, Aquaculture, Forestry & Rural Communities: RMC supported proposals that promote viable agriculture, forestry and rural communities. The Council supported HB 326 – Housing and Community Development – Business Lending and Neighborhood Revitalization which, as passed, expands various programs within the Department of Housing and Community Development so as to enhance financial assistance to businesses. The bill also expands the geographic program area from designated Sustainable Communities to Priority Funding Areas. SB 337- Libraries – Regional, State, and County – Funding enhances library funding by accelerating scheduled increases to the per capita funding amounts that must be provided to the State Library Resource Center, regional resource centers, and county public library systems participating in the State's library program beginning in Fiscal Year 2018.

The Council supported SB 770 which encourages each county board of education, beginning in the 2018-2019 school year, to implement an agriculture science curriculum in either one public high school in the county or in at least one career and technology education center in the county.

We advocated for funding for important land preservation programs. A significant amount of transfer tax funding that otherwise would have been distributed through Program Open Space (POS) and other land preservation programs has

been transferred in recent years to help balance the State's operating budget. HB 462 – Program Open Space – Transfer Tax Repayment – Use of Funds, as signed by the Governor, partially restores previously authorized diversions of POS funds and requires the reimbursement of any future transfers to be repaid over three fiscal years. The law also requires reimbursement of \$90.0 Million transferred to the General Fund in Fiscal Year 2006 which includes \$5.0 million in Fiscal Year 2018 for the Next Generation Farmland Acquisition Program. Further, the budget committees approved funding for:

- Program Open Space – Stateside, \$25,118,428
- Program Open Space – Local, \$21,690,973
- Community Parks and Playgrounds, \$2,500,000
- Rural Legacy Program, \$17,663,385
- Maryland Agricultural Land Preservation Program, \$21,227,744

Both the House and Senate passed legislation (SB 840) proposing a reduction of State individual income taxes and expansion of the Earned Income Tax Credit. A conference committee was appointed to reconcile the differences between the two houses, but unfortunately no agreement was reached by Sine Die. As passed by the Senate, SB 840 decreased State income taxes by reducing over five tax years State income tax rates imposed on higher income taxpayers; expanding the State earned income tax credit that can be claimed by individuals without qualifying children by increasing its value and extending eligibility to individuals who do not currently qualify under federal law; and increasing over four tax years the personal exemption amount that can be claimed by taxpayers with federal adjusted gross income of \$100,000 or less, or \$150,000 or less if married filing jointly.

Rural Health: The Legislature approved RMC-supported legislation to create a tax credit for Preceptors in Areas with Health Care Workforce Shortages. Under SB 411/HB 1494, the Department of Health and Mental Hygiene may issue up to \$100,000 for each of the physician preceptorship credits and nurse practitioner preceptorship credits. Senate Bill 707, also passed, establishes the Workgroup on Rural Health Care Delivery to oversee a study of rural health care needs in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties. Under SB 707, a licensed general hospital in Kent County may not convert to a freestanding medical facility before July 1, 2020. The General Assembly also passed clarifying legislation expanding the types of providers eligible to be reimbursed for telemedicine services under Medicaid to include primary care providers. (SB 242/HB 886)

Rural Economic Development: We supported several economic development proposals which were considered including SB 737 – Rural Economic Development Program and One Maryland Tax Credit under which businesses in rural counties are eligible for 10 years of property, income, and sales tax benefits. We also supported bills to encourage manufacturing which provided for an income tax credit and an exemption of State income taxes of the qualified wages and salaries paid to employees employed by new or expanding manufacturing entities. Two measures to provide funding for the Rural Broadband Assistance Fund were introduced. None of these bills were approved by the General Assembly.

Transportation: To protect local roadway infrastructure, the State shares various transportation revenues, commonly referred to as Highway User Revenues (HUR), with the counties and municipalities. In FY 2017, \$142.3 million (7.7% of HUR) is distributed to Baltimore City; \$27.7 million (1.5%) is distributed to counties; and \$7.4 million (0.4%) is distributed to municipalities, for a total of \$177.4 million. The Council supported efforts to restore the HUR formula to provide 70% to the Maryland Department of Transportation (MDOT) and 30% to local jurisdictions.

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