



Rural Maryland Council 2014 Legislative Review

The Rural Maryland Council (RMC), an independent non-partisan state agency, brings together citizens, community-based organizations and federal, state, county and municipal government to develop public policy solutions to the challenges unique to rural Maryland. Ultimately, our mission is to improve the quality of life while preserving the cultural heritage of Maryland's rural communities.

In September 2013, the Board of Revenue Estimates (BRE) revised the fiscal 2014 revenue estimate downward by \$61.9 million, due mainly to underperformance of the corporate income tax and the sales tax. Legislative consideration of the budget was made more challenging in March 2014 when BRE revised general fund revenues downward by a combined \$237.8 million. This included a write-down of \$126.7 million in fiscal 2014 and \$111.1 million in fiscal 2015.

As adopted by the Maryland General Assembly, the State's fiscal 2015 budget grows by 4.3%, to a total of \$38.9 billion. Because of an increase in federal funding due to enrollment growth in Medicaid, the Department of Legislative Services characterizes the budget as "essentially a current services budget." Final action on the budget leaves an estimated general fund cash balance of \$83.0 million at the end of fiscal 2015, in addition to \$794.9 million in the Rainy Day Fund. The legislature also met all of the recommendations of the Spending Affordability Committee (SAC).

The RMC supported a number of funding priorities including: funding for RMC operating expenses; Maryland Agriculture Education and Rural Development Assistance Fund (MAERDAF); the Regional Councils; MARBIDCO, and the Rural Maryland Prosperity Investment Fund (RMPIF). All organizations are essentially level funded for FY 2015. The RMC receives \$167,000 for operation expenses, as does MAERDAF. The five regional councils are each receiving \$150,000 and MARBDICO receives level funding at \$2.875 million. We thank both the Governor and the Maryland General Assembly for their support.

The Maryland General Assembly passed House Bill 1024 – Rural Maryland Prosperity Investment Fund (RMPIF) – Revisions and Extension of Termination Date and the Senate Bill companion, Senate Bill 137. This legislation is a step forward in addressing disparities in the State's rural areas. The bill extends the Fund's authorization from 2020 to 2030, increases the capacity of the five regional councils and expands programming to include health care. Unfortunately, RMPIF remains unfunded. We look forward to working with the legislators to identify sources of revenue for the Fund.

Several different measures were introduced to support transportation funding for local government. In recent years, Maryland's local and municipal governments have been subject to reduced State funding resulting from decreases in their share of Highway User Revenues (HUR). This reduction in State funding continues to affect the ability of local governments to provide transportation services within their communities. RMC supported the Maryland Association of Counties (MACo) and the Maryland Municipal League (MML) in their request that state policymakers take the necessary steps to restore HUR and local roadway infrastructure. The Maryland General Assembly approved the distribution of \$10 million to repair potholes throughout the state.

The RMC testified in support of the expansion of rural broadband. The Communications Tax Reform Act of 2014 (HB 1492) restructured the existing communications tax and institutes a sales and use tax on

communications services offered through landlines, cell phones, cable, satellite, voice-over-internet phones and other communication conduits. Seven and half percent of the resulting revenue is dedicated to the Rural Broadband Assistance Fund administered by the Maryland Department of Business and Economic Development resulting in approximately \$21 million for rural broadband expansion. This legislation remained in the House Ways and Means Committee; however, the sponsor has indicated willingness to reintroduce the legislation next year.

The RMC supported expansion of loan reimbursement programs to enhance rural health care. The General Assembly approved a modification to the Maryland Loan Assistance Repayment Program to include physician assistants and renames the program as the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants. Additionally, the definition of “primary care” is expanded to include women’s health. Approximately 2,600 physician assistants are located in Maryland.

Other areas of interest:

- The General Assembly approved the use of Bay Restoration Funds for the replacement of failing septic systems (HB11);
- No legislation to repeal or exempt a jurisdiction from the obligation to establish a stormwater management program passed;
- The fiscal 2015 budget includes language requiring the Maryland Department of Agriculture to conduct an economic impact analysis of the proposed phosphorus management tool regulations. The economic impact analysis must estimate the cost as well as any economic benefit of the proposed regulations to the State and to a person who is required to have a nutrient and management plan for nitrogen and phosphorus.
- The Legislature approved expansion of telemedicine (SB 198/HB 802). This legislation requires that telemedicine coverage and reimbursement requirements that apply to health insurance carriers also apply to the Medicaid program and Managed Care Organizations. The Department of Health and Mental Hygiene (DHMH) is also authorized to reimburse for services delivered through different telemedicine models, including electronically sending medical images and home health monitoring.

Funding for land preservation and selected FY 2015 Capital Budget items:

- Maryland Agricultural Land Preservation Program: \$24,784,966
- Program Open Space Stateside: \$22,872,000
- Program Open Space Local: \$22,763,000
- Rural Legacy Program: \$16,034,000
- Ocean City Beach Maintenance: \$1,000,000
- Waterway Improvement Program: \$5,000,000
- Chesapeake Bay 2010 Trust Fund: \$25,000,000
- Oyster Restoration Program: \$7,600,000
- Tobacco Transition Program: \$2,716,000
- Maryland Agricultural Cost-Share Program: \$6,190,000
- Enhanced Nutrient Removal Program: \$81,000,000
- Septic System Upgrade Program: \$15,000,000

Other issues addressed included a cut in the estate tax and an increase in the minimum wage. Much time was spent discussing the film tax credit and the decriminalization of marijuana. As legislators adjourned, many will not return next year; however, as a collective voice for rural Maryland we continue to look forward to working with our elected officials to further the interests of rural Maryland.