



Rural Maryland Council 2017 Legislative Review

The 2017 Maryland General Assembly Legislative Session was a strong year for rural communities. Highlights for the RMC included the inclusion of revenue for the Rural Maryland Prosperity Investment Fund and the Next Generation Farmland Acquisition Program in the State's Fiscal Year 2018 Operating Budget and the creation of a task force to study rural internet, broadband, wireless and cellular service. We thank Governor Larry Hogan and the Maryland Legislature for their support of the Rural Maryland Council and the Maryland Agricultural Education and Rural Development Assistance Fund. Other Session highlights include the passage of tax credits to encourage manufacturing, expansion of the Bay Restoration Fund to help rural municipalities and the inclusion of budget funds for jurisdictions struggling with declining school enrollments.

The Council remained active participants during the 2017 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, working with the Rural Caucus and local delegations, as well as submitting written testimony. The Legislative Committee met on a bi-weekly basis to discuss and track legislation.

The State's Fiscal Year 2018 Operating and Capital budget were passed with bipartisan support. The budget as adopted follows Spending Affordability Guidelines to reduce the structural shortfall (\$377 million) to \$189 million. Overall, the 2018 budget grows by 1.2%, to \$43.6 billion. The State's commitment to public schools is maintained with State support over \$5.6 billion. The budget also includes \$17.2 million for school systems that have lost enrollment in recent years. Nine rural counties will receive additional funds. While the State's fiscal position is positive in 2018, the outlook is less certain in future years with a projected general fund shortfall of \$1.5 billion by Fiscal Year 2022.

RMC Budget Priorities achieved:

- RMC will receive an additional \$1,500,000 (total \$3,500,000) in funding for the Rural Maryland Prosperity Investment Fund for a total of \$3,667,000
- Additionally, the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF) receives \$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
- The Next Generation Farmland Acquisition Program receives \$2.5 million in Fiscal Year 2018 with an additional commitment for \$2.5 million in Fiscal Year 2019

Supporting our agriculture economy, legislation was adopted that recognizes the importance of our watermen and creates a new "Maryland's Best Seafood" branding for locally produced products. Also passed was Senate Bill 317 (Ch. 149) which establishes the More Jobs for Marylanders Program. The law allows a new manufacturing business that locates within a qualified distressed county a 10-year income tax credit based on the number of jobs created, a State property tax credit, a sales and use tax refund for certain purchases, and an exemption from paying corporate filing fees.

Looking at how to expand the current broadband network to incorporate more rural areas, the Legislature passed the Connecting Rural Maryland Act of 2017 (SB 717/ HB 1169). The bill establishes a 22-member task force that must study and make recommendations regarding how Western Maryland, Southern Maryland, the Eastern Shore, and Frederick, Carroll, and Harford counties can work together to obtain federal assistance to improve Internet, broadband,

wireless, and cellular services and accessibility. The Executive Director of the Rural Maryland Council will serve as the chair of the task force with the regional councils represented as well.

To provide an incentive to counties to preserve State forests, parks and wildlife management areas, the legislature passed SB 273 which creates the State Forest, State Park, and Wildlife Management Area Revenue Equity Program. The program will make an annual payment based on the amount of public lands and is estimated to provide the affected counties (Allegany, Garrett, and Somerset) approximately \$1.7 million annually beginning in fiscal 2019.

Several other important measures will impact rural communities. Supported by the Council, the General Assembly adopted SB 957/HB 1168 – Counties and Municipalities – Land Bank Authorities. This law will allow two or more local governments to enter into an intergovernmental cooperation agreement to create a single land bank to act on behalf of the local governments. House Bill 1350 will require the Public Service Commission when taking final action on an application for a certificate of public convenience and necessity for a generating station to consider the consistency of the application with the comprehensive plan and zoning of each county or municipality where the generating station is proposed to be located. Also passed was SB343/ HB 384 – Bay Restoration Fund – Eligible Costs – Expansion which will give municipalities more flexibility and opportunities to upgrade aging wastewater systems.

We advocated for funding for important land preservation programs, including funding for the Next Generation Farmland Acquisition Program. Under SB 257/HB 267 – Program Open Space – Authorized Transfer to the Maryland Heritage Areas Authority Financing Fund – Increase, funding directed to our state's heritage areas, an important tourism driver, could potentially increase by raising the current cap of \$3 million in transfer tax funding to \$6 million. Further, the budget committees approved funding for:

- Program Open Space – Stateside: \$31,476,663
- Program Open Space – Local: \$37,213,279
- Community Parks and Playgrounds: \$2,500,000
- Rural Legacy Program: \$18,913,725
- Maryland Agricultural Land Preservation Program: \$28,923,775

The Governor and the Legislature continue their efforts to tackle the opioid crisis. Budget funds were included based on recommendations of the Governor's Heroin and Opioid Emergency Task Force. New funding appropriated this session included \$1.5 million to fund residential treatment services for court-ordered individuals, \$500,000 for the Opioid Operational Command Center, \$1.9 million for the Prescription Drug Monitoring Program and \$10 million for additional programming to combat the heroin and opioid epidemic, in response to the Governor's declaration of a State of Emergency on March 1, 2017.

To protect local roadway infrastructure, the State shares various transportation revenues, commonly referred to as Highway User Revenues (HUR), with local governments and municipalities. In Fiscal Year 2018, \$140.8 million (7.7% of HUR) is distributed to Baltimore City; \$27.4 million (1.5%) is distributed to counties; and \$7.3 million (0.4%) is distributed to municipalities, for a total of \$175.5 million. The Council supported efforts to restore the HUR formula to provide 30% to local jurisdictions.

Other passed legislation included a ban of fracking in Western Maryland, five days of required paid sick leave for employees for businesses with 15 or more employees, and ethics reform measures.

Thanks to all of the RMC Legislative Committee members who participated in our activities during the 2017 Legislative Session.

For more information, visit the RMC's website at: rural.maryland.gov
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
(410) 841-5772
rmc.mda@maryland.gov