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John Hartline, Chair

Charlotte Davis, Executive Director

Testimony in Support of
House Bill 151 – Creation of a State Debt - Maryland Consolidated Capital Bond Loan of 2020, and the Maryland Consolidated Capital Bond Loans of 2013, 2014, 2016, 2017, and 2019
Appropriations Committee
February 26, 2020

The Rural Maryland Council (RMC) urges the subcommittee to support the current allocated funding for the Office of Rural Broadband in the amount of \$9,180,000 included in the State's Capital Budget in the Local Government Infrastructure Fund under the Department of Housing and Community Development. According to the Congressional Research Service, over 324,000 rural Maryland residents lack access to high-speed internet. In a study published in July 2013, 3.2% of Maryland's population lacks access to fixed broadband. However, of that figure almost 20% (19.2%) of that population resides in our State's rural areas. Further, this data pertains to speeds below the FCC standard of 25 megabits per second download and 3 megabits per second upload. **Using the FCC standard, only 64% of Marylanders have access to high-speed internet.**

In Fiscal Year 2018, the RMC awarded a Rural Maryland Prosperity Investment Fund (RMPIF) grant to the Southern Maryland Minority Chamber of Commerce to conduct a broadband demand survey in Charles, Calvert and St. Mary's Counties. RMPIF funding assisted with confirming and quantifying the demand for broadband access in Southern Maryland; along with supporting the identification of Southern Maryland locations that will potentially offer the best chance to acquire public and/or private funding to support bringing affordable and high-quality broadband services.

The survey results found:

- 11.2% of respondents reported not having access to broadband at home.
- Almost 72% of the respondents or someone in their home had home offices and connected remotely.
- 86% of the respondents indicated they are interested in switching service providers. The challenge is that most of the respondents do not have another viable choice.
- 77% of respondents are not satisfied with the speed of their current provider.
- Over 50% of the respondents are paying more than \$80 a month, just for Internet access. This high cost is being paid, despite the survey response indicating that over 40% of the respondents Internet access service doesn't meet the FCC definition of "broadband".

The Office of Rural Broadband has been building its capacity to service rural Maryland. Using a public/private model, the Office recently released a Request for Interest for Maryland's local governments to partner in broadband expansion plans. In order to best use the limited resources at its disposal, the Office is looking to partner with County governments, or their identified partner, interested in solving the problem of delivering broadband to unserved rural residents and businesses.

Connectivity is the defining aspect of the 21st century economy. Access to broadband services determines the work we do, the markets we access, financial prospects, and access to education, health care, and overall quality of life. In much of rural America, resources are scarce and technology nascent, and entire communities are being left behind. In the immediate future, the Council looks to continue its partnership with the Office of Rural Broadband to expand broadband services to unserved and underserved rural communities in Maryland.

The RMC is an independent state agency that is governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. Its mission is to bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

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POSITION STATEMENT

House Bill 263 – Real Property – Sales of Mobile Home Parks – Notice Requirements
Environment and Transportation Committee
February 11, 2020

The Rural Maryland Council **SUPPORTS** House Bill 263 – Real Property – Sales of Mobile Home Parks – Notice Requirements.

This bill requires a mobile home park owner to provide specified notice of the sale of a mobile home park no less than 30 days before the date of the sale, rather than within 5 days after entering into the contract for the sale per current law (Md. Code, Real Property § 8A-801)

Currently, there are 263 mobile home parks in Maryland. A mobile home park is defined as real property that is rented or held for rent to others for the placement of multiple mobile homes. A mobile home is a portable structure at least 8 feet wide and 30 feet long, built on a permanent frame and designed for use as a home when connected to required utilities. Mobile homes are unique in that, while a person may own the mobile home, this person likely rents the land that it sits on from a mobile home park owner. Therefore, mobile home residents are both owners and tenants. The rights of mobile home residents are protected by the Maryland Mobile Home Parks Act of 1980.

The sale of a mobile home park has the potential to negatively impact multiple residents as it often leads to an increase in lot rent, utilities, and amenities when it remains a mobile home park or it can mean resident displacement if sold and converted to more immediately profitable developments. HB 263 simply increases the notification time that is provided to mobile home park residents from 5 days to 30 days, which will enable residents to prepare for potential issues associated with a change of ownership.

Current law states that a resident of a mobile home must give the park owner at least a 30-day notice of the intent to sell. Additionally, 30-days is the general notification required by Maryland Law for apartment owners to provide an end of tenancy to renters, with the exception of Montgomery County and Baltimore City, which requires a 60-day notice. Therefore, the Council feels that it is reasonable to approve a bill that requires a 30-day notification from the park owner to the mobile home resident. The Council respectfully requests your favorable support of HB 263.

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Letter of Information
House Bill 351 - Land Use and Vehicle Miles Traveled Workgroup
Environment and Transportation Committee
February 12, 2020

The Rural Maryland Council submits the following **Letter of Information** for House Bill 351 - Land Use and Vehicle Miles Traveled Workgroup.

The purpose of HB 351 is to establish the Land Use and Vehicle Miles Traveled Workgroup to develop a State strategy that identifies State and local land use policies, business incentives, and transportation policies, investment and programs; to authorize the Workgroup to establish subcommittees and collaborate with expert witnesses; and to require a report with its final findings and recommendations to the Governor and General Assembly by December 31, 2021.

Rural Marylanders are reliant on motor vehicles with few mass transit options. Many live several miles from grocery stores, schools and places of worship. Rural residents experience some of the longest commutes. (<https://www.indexmundi.com/facts/united-states/quick-facts/maryland/average-commute-time#map>) A vehicle miles travelled policy could inadvertently place a larger burden on our State's rural residents. While the Council is in support of such efforts to discourage travel by automobile, the Workgroup must recognize that mobility in rural Maryland is heavily dependent on motor vehicles.

The Council supports land policies that encourage local economies with community input. Transportation access is a significant challenge in our State's rural areas. The Council respectfully suggests the addition of local representation as designated by the Maryland Association of Counties as a member of the Workgroup. Increased membership will ensure that our rural areas challenges to transportation options are considered.

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POSITION STATEMENT

House Bill 363 – Clean and Renewable Energy Standards (CARES)
Economic Matters Committee
February 28, 2020

The Rural Maryland Council **SUPPORTS** House Bill 363 – Clean and Renewable Energy Standards (CARES). This Administration bill adds “clean energy” to the Renewable Energy Portfolio Standard (RPS), removes some currently eligible combustion sources, and replaces them with large hydroelectric. The modified program is renamed the Clean and Renewable Energy Standard (“CARES”).

The Council is in support of the CARES program because clean and renewable energy creates a healthier environment as it does not produce greenhouse gas emissions and limits types of air pollution; diversifies energy supply and reduces dependence on imported fuels; and, creates economic development and jobs which is beneficial for Maryland’s economy.

Presently, this bill’s clean energy is heavily focused towards nuclear, solar, wind, and hydroelectric power. While forest resource products are highlighted in the bill, such as qualifying biomass generating station and combined heat and power systems, the Council would like to see an increase in the use of biomass to generate energy for Maryland. Presently, the forestry industry is ailing, and such an emphasis could aid in the resurgence of this renewable resource.

According to the Maryland Forests Association, Maryland is behind other states and countries in developing woody biomass markets. With recent closures of local mills throughout the State, smaller, more diverse markets are needed. However, forest fragmentation makes timber management difficult. Oftentimes, loggers prefer to work in other neighboring states that are less restrictive, but permitting varies greatly from county to county. Incentives to develop the market could revitalize a struggling industry.

Encouraging the development of forest or resource-based products could help the state meet its green energy goals. Retention of existing markets is just as critical as new business development. Ensuring a healthy, vibrant forest industry by supporting and developing markets will help improve local rural economies.

Sustainably harvested wood and biomass can play an essential role in ensuring the environmental health of our State. The State has set significant goals in the Renewal Portfolio Standard. In order to meet those Renewal Energy goals, we will need to diversify the current generation with additional sources. Thermal energy, and the use of wood biomass are an efficient and clean technology.

The Council respectfully requests your favorable support of HB 363 and encourages an increase use of Maryland’s renewable forests to achieve the CARES goals.

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POSITION STATEMENT

House Bill 395 – Maryland Strategic Energy Investment Fund – Regional Greenhouse Gas Initiative –
Use of Proceeds for Maryland Healthy Soils Program
Economic Committee
February 20, 2020

The Rural Maryland Council **SUPPORTS** House Bill 395 – Maryland Strategic Energy Investment Fund – Regional Greenhouse Gas Initiative – Use of Proceeds for Maryland Healthy Soils Program. This bill specifies that funds be allocated for the Maryland Healthy Soils Program from certain renewable and clean energy programs account within the Maryland Strategic Energy Investment Fund.

In 2017, Governor Larry Hogan signed legislation establishing Maryland’s Healthy Soils Program and designated the Maryland Department of Agriculture (MDA) as the state lead on healthy soils as our agricultural landscape plays a major role in sequestering and mitigating carbon through good soil management. MDA was charged with developing a program that would 1) Improve health, yield, and profitability of soils; 2) Increase biological activity and carbon sequestration in agricultural soils; 3) Promote further education and adoption of healthy soil practices.

The Healthy Soils program has been extremely successful in meeting these program objectives by providing financial and technical assistance to farmers; training for conservation staff advisors; collecting regional soil health data; and, organizing educational programs, including on-farm events and farmer-to-farmer learning networks. To date, the program has heavily relied on grant funding and HB 395 would provide a supplemental and more continuous funding source to continue this valuable work. The Council respectfully requests your favorable support of HB 395.

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POSITION STATEMENT

House Bill 0998- Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants – Administration and Funding
Appropriations Committee
February 25, 2020

The Rural Maryland Council **SUPPORTS** House Bill 0998 – Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants – Administration and Funding. This bill transfers oversight of the Maryland Loan Assistant Repayment Program (MLARP) for Physicians and Physician Assistants from the Office of Student Financial Assistance within the Maryland Higher Education Commission to the Maryland Department of Health. This bill requires the Maryland Department of Health to submit a report to the General Assembly annually which focuses in part, on the number of eligible physicians and physician assistants who applied for and participated in the repayment loan program. Additionally, the bill will increase the minimum funding for this program to \$1 million (from \$400,000) as the funding stream for MLARP has been reduced over the last 5 years, which greatly decreased the availability of physician and physician assistants in the areas they are needed most.

The Health Resources and Services Administration found there are 52 Medically Underserved Areas/Populations Areas that have too few primary care providers, high infant mortality, high poverty or high elderly population in the state.

<https://data.hrsa.gov/tools/shortage-area/mua-find>

The MLARP program is significant because it encourages physicians and physician assistants to work in these state designated areas by providing education loan repayment funds. The physician and physician assistants must serve a 2-year obligation in these state designated health professional shortage areas. The current award for this program is up to \$50,000 per year for a 2-year obligation. In 2017, the Maryland Department of Health’s Office of Workforce conducted a retention study. This study found 83% of health care providers agreed to stay in Maryland or at their current practice site after their obligation under MLARP was completed. Therefore, these scholarship and loan repayment programs are effective in achieving long-term retention participants in the communities they serve.

Maryland’s rural areas and medically underserved areas need committed, long-term medical physicians and physician assistants to care for members of these special communities. The Council respectfully requests your favorable support of HB0998.

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LETTER OF INFORMATION

House Bill 999 - Member - Regulated Cooperatives - Establishment
(Rural Broadband for the Eastern Shore Act of 2020)

Economic Matters Committee

March 5, 2020

The Rural Maryland Council submits the following letter of information on House Bill 999 - Member - Regulated Cooperatives - Establishment (Rural Broadband for the Eastern Shore Act of 2020).

Broadband is critical infrastructure for business, education, and agriculture today and access remains a real issue in the state's rural areas with almost 20% of rural residents lacking internet access. Deployment presents a huge challenge as our rural areas have fewer residences to support the cost of network build out expenses. Using the Federal Communications Commission's definition of broadband as 25 megabits per second download and 3 megabits per second upload, only 64% of rural Marylanders have access to high-speed internet.

The Council supports allowing the rural electric cooperatives to become broadband providers. The Council does recommend including language that authorizes or enables the cooperative to provide last-mile broadband services. Network planning and thoughtful development of the broadband deployment model are essential for success as competing in the broadband industry which can present risk. The Council suggests that bill language be considered that would require that Choptank Rural Electric Cooperative submit a five year deployment plan of last mile residential services including timelines and project goals to the legislative committees.

However, HB 999 primarily authorizes Choptank Rural Electric Cooperative to become a new "member-regulated cooperative" removing the organization from oversight by the Public Service Commission. This deregulation would allow the organization to leverage its electric assets for the deployment of broadband.

Overall, three rural electric cooperatives serve the State's rural areas: Choptank Rural Electric Cooperative, SMECO (Southern Maryland Electric Cooperative) and Somerset Rural Electric Cooperative in Garrett County. HB999 bill only applies to one of the three cooperatives and is essentially a local courtesy bill.

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POSITION STATEMENT

House Bill 1035 - Bay Restoration Fund - Use of Funds - Municipal Wastewater Facilities
Environment and Transportation Committee
February 28, 2020

The Rural Maryland Council **SUPPORTS** House Bill 1035 - Bay Restoration Fund - Use of Funds - Municipal Wastewater Facilities. Maryland's Bay Restoration Fund funds wastewater treatment plant upgrades, cover crops, and septic upgrades to significantly reduce nitrogen pollution in the Chesapeake Bay and Maryland waterways.

This bill expands the authorized uses of the Bay Restoration Fund to include certain costs associated with the connection of a property using an on-site sewage disposal system to an existing municipal wastewater facility that has signed a funding agreement with the Department of the Environment and is under construction to achieve enhanced nutrient removal or biological nutrient removal level treatment; specifying that these costs may be provided only if certain conditions are met.

Small municipalities across the State are struggling with infrastructure needs. Aging water and waste water facilities are a major challenge. The American Society of Civil Engineers estimates \$9.92 billion in wastewater infrastructure needs over the next 20 years.

<https://www.infrastructurereportcard.org/state-item/maryland/>

A core component of rural prosperity includes enhancing the deployment of housing, transportation, water, wastewater, and broadband communications infrastructure and services in rural areas. The Rural Maryland Council administers the Rural Maryland Prosperity Investment Fund (RMPIF) which contains an infrastructure funding program. In Fiscal Year 2018 and 2019, funds from RMPIF were awarded to the City of Crisfield in the amount of \$375,000.00 to support the replacement of a failing wastewater pumping station and associated infrastructure throughout the City. Overall funding needs for sewer replacement totaled almost \$20 million. With a small population, only a small percentage of the overall replacement cost can be covered by the local ratepayers. Additional funding is necessary.

Other grant funding opportunities like these found through the Council and Maryland Department of the Environment's Bay Restoration Fund are invaluable and essential to Maryland's rural communities and the updating of their aging septic infrastructure.

The Council respectfully requests your favorable support of HB 1035.

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POSITION STATEMENT

House Bill 1339 - Sales and Use Tax and Personal Property Tax- Exemptions – Data Centers
Ways and Means Committee
March 6, 2020

The Rural Maryland Council **SUPPORTS** House Bill 1339 - Sales and Use Tax and Personal Property Tax - Exemptions - Data Centers. This bill provides an exemption from the sales and use tax for the sale of qualified computer technology—including computer equipment, software, servers, routers, connections, and other enabling hardware for use at qualified data centers.

Data centers are secure facilities that house computer and network equipment that store, process and distribute large amounts of data. Data centers are considered the foundation of today's booming digital economy and rapidly growing technology sector. For example, drones and sensors used by farmers to monitor their crops and soil are powered by data centers, as are gene therapies for diseases like cancer. Data Centers economic impact is substantial as they ultimately support approximately 160 local jobs, pay \$7.8 million in annual wages, inject \$32.5 million in the local economy, and can generate \$1.1 million in state and local revenue.

https://www.uschamber.com/sites/default/files/ctec_datacenterrpt_lowres.pdf

Today, 35 states provide data centers with sales-and-use tax exemptions for the purchases of required equipment, including Virginia. Virginia has benefited significantly from the positive tax treatment of qualified data centers. According to a 2019 report from Virginia's Joint Legislative Audit and Review Commission, data center employment and investment have increased as data center incentives have expanded in the state. However, Virginia is running out of space and companies are looking to its neighbors to determine where to expand.

HB 1339 will boost Maryland's economic development by attracting data centers and supporting the state as a leader in innovation and investment in cyber and information technology.

The Council respectfully requests your favorable support of HB 1339.

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POSITION STATEMENT

House Bill 1394 – Highway User Revenues – Revenue and Distribution
Environmental and Transportation Committee
March 5, 2020

The Rural Maryland Council **SUPPORTS** House Bill 1394 – Highway User Revenues – Revenue and Distribution. This bill increases the share of funds from the Gasoline and Motor Vehicle Revenues Account that the Maryland Department of Transportation must annually provide to local governments through capital transportation grants by first, directly increasing the percentages that must be granted to local governments beginning in fiscal 2025 and secondly, requiring the revenue attributable to increases in the motor fuel tax rate due to increases in the Consumer Price Index to be distributed to Gasoline and Motor Vehicle Revenues Account rather than directly to the Transportation Trust Fund.

The Highway User Revenues are the share of gas tax and vehicle titling tax dedicated for local roadways and bridges in Maryland. Historically, the state shared 30% of these revenues with local governments to maintain their roads. However, the distribution of these funds was greatly cutback due the economic downturn in 2008, and the reduction in State funding continues to affect the ability of local governments to provide infrastructure repair, maintenance, and transportation services. While these local dollars have increased gradually over the years, the funding still reflects a sizeable decrease from the share of these revenues that were allocated to local governments in the past.

HB 1394 can extend and revive the local distribution of transportation revenues by:

- Lifting the five-year statutory mandate to avoid funding falling back to deep-recession levels after FY2024.
- Placing the local distribution of transportation revenues into protected status.
- Increasing the share of revenues that are distributed to municipal governments to 15% (originally 30%).
- Removing the Consumer Price Index and re-applying the historic State/local split to the full, adjusted, revenue stream.

The gas tax is paid by local residents and sharing with local governments is important for local users to benefit from local road projects. According to the [World Bank](#), roads “are among the most important public assets in any country,” so keeping them in good working condition is critical. World Bank further declares, “Postponing road maintenance results in high direct and indirect costs.” This is the time to restore Highway User Revenues so that the State roads can be regularly maintained roads for the safety and benefit of all Maryland residents.

The Council respectfully requests your favorable support of HB 1394.

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POSITION STATEMENT

House Bill 1487 – Public Schools – Agricultural Education and Grant Programs
Ways and Means Committee
Appropriations Committee
March 4, 2020

The Rural Maryland Council **SUPPORTS** House 1487 – Public Schools – Agricultural Education Programs. This bill requires each county board of education to implement an agricultural science curriculum in at least one public high school and one career and technology education center. The curriculum will focus on opportunities in agriculture by providing instruction and developing skills in certain areas through integrated classroom and laboratory instruction, supervised agricultural and leadership experiences. Additionally, this bill will establish the Maryland Agricultural Education Grant Program with the main purpose to increase access to agricultural education in the state.

Agriculture is the leading commercial industry in the state-employing approximately 350,000 people, including nearly 6,000 full-time farmers. It is the largest single land use in the State, with nearly 2 million acres of working landscapes (approximately 32% of total land area is used for farming). Agriculture works in both rural and urban areas-while the majority of Maryland's farmland lies in the north-central part of the State and the upper Eastern Shore, about 20 urban farms thrive in Baltimore City. According to a report released by the Business Economic and Community Outreach Network at Salisbury University, with the support of the Maryland Agricultural and Resource-Based Industries Development Corporation, agriculture, forestry, and aquaculture accounts for \$19.6 billion dollars and \$753 million dollars in state and local tax revenue in the state. Today, Maryland's agriculture industry is strong, but tomorrow this may change if steps are not taken now to support it.

American Farmland Trust coined the simple but poignant message, “No farms, No food”, with the purpose of elevating America's farms as they provide an unparalleled abundance of fresh, healthy, and local food but also stressing the critical fact that farms are rapidly disappearing. According to the United States Department of Agriculture, there has been a 30% increase of farmers over the age of 75 and a 20% decrease of farmers under the age of 25. Furthermore, as these farmers retire or pass away, their land is often sold for development. The aging farmer populations, coupled with a growing demand for an agricultural workforce, and the threat of losing farmland to development, has led to a critical need to support the *farmers of tomorrow* through agricultural education curriculum in public schools.

In order to keep agricultural viable in Maryland, we need a robust agricultural education program. SB986 will strengthen the state's agriculture community by providing students with the tools, education, and experience needed to not only have access to successful careers in this essential industry, but to have a greater understanding and appreciation for it as well.

The Council respectfully requests your favorable support of HB 1487.

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POSITION STATEMENT

House Bill 1488 – Certified Local Farm Enterprise Program and Certified Local Farm Enterprise Food Aggregation Grant Fund - Establishment
Health and Government Operations Committee
March 10, 2020

The Rural Maryland Council **SUPPORTS with SPONSOR AMENDMENT** House Bill 1488 – Certified Local Farm Enterprise Program and Certified Local Farm Enterprise Food Aggregation Grant Fund - Establishment. This bill establishes the Certified Local Farm Enterprise Program and Office in the Maryland Department of Agriculture (MDA) to encourage State agencies and four-year public universities to achieve an overall goal of purchasing 20% of food from certified local farm enterprises. Additionally, the bill establishes a Certified Local Farm Enterprise Food Aggregation Grant Fund within the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) to establish and operate food aggregation, storage, processing, and distribution sites across the State through grants and near-equity investments.

The Certified Local Farm Enterprise Food Aggregation Grant Fund seeks to provide regional farmers expanded opportunities, increased access to institutional markets, improvements to aggregation and distribution, and access to new markets which compliment current productions. *Farm to Institution New England* is a six-state network of nonprofit, public and private entities working collaboratively to strengthen local food systems by increasing the amount of New England grown and processed food served in the region's schools, hospitals, colleges and other institutions. In 2017, they released a study that showed a trend in regional markets for local food at K-12 schools, hospitals, colleges, and other institutions. According to their research, it was found that those farmers selling directly to institutions were more likely to have a higher gross sales, and to have increased their acreage in the past five years, than those farmers who were not currently selling direct-to-institutions. Over half the farmers also reported that institutions provide stable prices, larger volume orders, and reduced marketing costs. The majority of responding farmers in this study agreed they sell to institutions because it provides an additional market for their products and builds relationships within the community.

<https://www.farmtoinstitution.org/sites/default/files/imce/uploads/FINE%20Producer%20Report.pdf>

The Council believes this study is indicative of some of the benefits potentially derived from HB1488. This bill encourages increased opportunity for Maryland farmers to access institutional contracts, represents opportunity for both direct and indirect economic benefit, and increased quantities of locally sourced food in Maryland Institutions.

The Council respectfully requests your favorable support of HB1488.

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“A Collective Voice for Rural Maryland”



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POSITION STATEMENT

House Bill 1508 - Information Technology - Communications Lines - Installation
Economic Matters Committee
March 9, 2020

The Rural Maryland Council **SUPPORTS** House Bill 1508 - Information Technology - Communications Lines - Installation. This bill requires the Department of Information Technology (DoIT) to waive all fees applicable under its resource sharing agreement (RSA) standard pricing for all “last mile” broadband telecommunications projects in “unserved areas.” The last mile refers to the local Internet connection that physically reaches into the end user’s home, business, or premises. “Unserved area” refers to an area in which no facilities-based broadband service providers offer minimum connectivity speeds of 25 megabits per second to download and 3 megabits per second to upload.

The bill also exempts a private industry entity from having to have a project, including RSAs, reviewed and approved by DoIT if that entity has a separate legal right of access under State or local law to install communications lines and associated facilities in the State rights-of-way, including telephone and cable companies.

The issue of resource-sharing agreements and the Department of Information Technology was discussed by the Task Force for Rural Internet, Broadband, Wireless and Cellular Service after the issuance of a legislative audit and some of the concerns that were raised by the Department of Legislative Services. During the 2019 calendar year, there were some delays in the issuance of permits to providers through the State Highway Administration because of confusion regarding resource-sharing agreements with the Department of Information Technology. In August 2019, the Department of Information Technology released RSA policy guidance on DoIT’s policy implementation of the Resource Sharing Law (“RSL”), Annotated Code of Maryland, State Finance & Procurement Article (“SF&P”) § 3A-307(c), as it applies to certain private industry installation and use of fiber optic cable in State rights-of-way where the user has a separate statutory right to use of and access to the right-of-way.

Broadband is a critical infrastructure for business, education, and agriculture today and access remains a real issue in the state’s rural areas as almost 20% of rural residents lack internet access. SB790 will facilitate the expansion of rural broadband services by streamlining specific processes and waiving associated fees that have greatly impacted broadband projects in the past. The Council respectfully requests your favorable support of HB1508.

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POSITION STATEMENT

House Bill 1534 – Department of Agriculture – Urban Agriculture Grant Program
Environmental and Transportation Committee
March 6, 2020

The Rural Maryland Council **SUPPORTS WITH AMENDMENT** House Bill 1534 – Department of Agriculture – Urban Agriculture Grant Program. The purpose of this bill is twofold. First, establish the *Urban Agriculture Grant Program* in the Department of Agriculture. The aim of this program is to increase the viability of urban farming and improve access to urban grown foods. Secondly, establish the *Urban Agriculture Grant Fund* with the purpose to distribute the grant money to urban agricultural producers. This Program and Fund will be piloted in Baltimore City over a set time period in order to evaluate feasibility, duration, impacts, improvements and successes, with the goal to implement this Program & Fund model in urban areas across the State.

Urban agriculture has been most concisely defined by Wagstaff and Wortman (2013) as “all forms of agricultural production (food and non-food products) occurring within or around cities.” This definition includes all production in or near cities of plants or animals, whether for personal use or for sale, whether soil based or hydroponic production. While most of the Maryland’s food production lies in rural areas (north-central portion of the State and upper Eastern Shore), there are a multitude of urban farms located in the State’s urban areas- Baltimore City alone has more than 100 community and school gardens, as well as more than 20 thriving urban farms.

Access and availability to food impacts the health, culture, and a person’s quality of life and resources. In the United States, healthy food is difficult to access for nearly 24 million people who live in areas without a grocery store. Recent reports from the *Preventative Medicine and Education for Health* show that low-income neighborhoods have 25% fewer grocery stores than middle and high-income neighborhoods. This disparity contributes to higher rates of diabetes, high blood pressure and heart disease. HB 1534 is an investment in urban agriculture, an investment in our urban communities, and investment in a healthier Maryland. This Program and Fund enable resources to reach meaningful initiatives with the potential to grow healthier communities, food diversity, accessible markets, job opportunity, and build a sense of ownership and well-being through agricultural related activity in urban areas.

Rural Maryland Council looks for strategic partnerships to bridge rural and urban communities. The agriculture sector can help bridge the gap between these two communities. HB 1534 will help educate urban residents on the challenges that rural farmers encounter. The Council respectfully requests your favorable support of HB 1534.

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Letter of Information
House Bill 1539 – Grant Applications and Reporting – Uniform Forms and Requirements
Health and Government Operations
March 10, 2020

The Rural Maryland Council submits the following letter of information for House Bill 1539 – Grant Applications and Reporting – Establishment.

The Rural Maryland Council (RMC) is an independent state agency with experience in grant management. In FY2020, RMC received 177 grant requests and awarded 83 grants for total amount \$6,291,030.01 to rural nonprofits, community colleges, local governments, institutes of higher education and the regional councils throughout the state. The Council offers two grant programs-Rural Maryland Prosperity Investment Fund (RIMPF) and the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF).

RMC agrees with the establishment of the Maryland Efficient Grant Application Council and ultimately the adoption of a uniform grant platform for state agencies. First, this type of platform would save RMC money-currently \$7,500 is spent annually to pay for a grant management software. Secondly, such a platform could create a one-stop-shop for grantees to visit, learn, and apply for the grants that best fit their needs. In return, grantors could learn from these grantees and one-and-other and ultimately have greater impact in the communities served.

While RMC supports such a platform, the Council has a concern with following the federal uniform guidance. Instituting a federal grants process could negatively impact our state's small, underserved, minority, rural and volunteer-run nonprofits.

The uniform guidance requires a grantee to have at least 3 years of experience prior to applying. Unfortunately, this would leave behind the startups and early innovators. One of the main goals for our MAERDAF grant program is to build capacity for rural serving non-profits, like F³ Tech. RMC provided the seed money to grow this program administered by the Eastern Shore Entrepreneur Center over the last three years and were recently awarded a grant for \$500,000 from the US Department of Commerce Economic Development Administration. Secondly, small grantees would be required to have federal audits done every year at significant cost, usually around \$30,000. Our MAERDAF program awards are capped at \$40,000. A federal audit will greatly reduce the impact of our funding. Third, the federal grant process is not an easy one to navigate and would most likely discourage small volunteer run nonprofits from applying; for example, Mace's Lane Community Center -a historic segregated high school in Dorchester County that is being converted into a heritage museum by a small dedicated volunteer-run, minority nonprofit. RMC awarded the group \$20,000 last year to pay for education displays for the museum.

RMC suggests an amendment to the current bill on page 5 insert on line 19, **(III) THE COUNCIL SHALL CONSIDER FLEXIBILITY IN FOLLOWING CERTAIN ASPECTS OF THE UNIFORM GUIDANCE FOR STATE GRANT PROGRAMS THAT ADMINISTER GRANTS TARGETED TO SMALL, RURAL, MINORITY, UNDERSERVED, OR VOLUNTEER-RUN NONPROFITS ORGANIZATIONS.**

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Charlotte Davis, Executive Director

Testimony in Support of
Senate Bill 191 – Creation of a State Debt - Maryland Consolidated Capital Bond Loan of 2020, and the Maryland Consolidated Capital Bond Loans of 2013, 2014, 2016, 2017, and 2019
Budget and Taxation Committee
February 25, 2020

The Rural Maryland Council (RMC) urges the subcommittee to support the current allocated funding for the Office of Rural Broadband in the amount of \$9,180,000 included in the State's Capital Budget in the Local Government Infrastructure Fund under the Department of Housing and Community Development. According to the Congressional Research Service, over 324,000 rural Maryland residents lack access to high-speed internet. In a study published in July 2013, 3.2% of Maryland's population lacks access to fixed broadband. However, of that figure almost 20% (19.2%) of that population resides in our State's rural areas. Further, this data pertains to speeds below the FCC standard of 25 megabits per second download and 3 megabits per second upload. **Using the FCC standard, only 64% of Marylanders have access to high-speed internet.**

In Fiscal Year 2018, the RMC awarded a Rural Maryland Prosperity Investment Fund (RMPIF) grant to the Southern Maryland Minority Chamber of Commerce to conduct a broadband demand survey in Charles, Calvert and St. Mary's Counties. RMPIF funding assisted with confirming and quantifying the demand for broadband access in Southern Maryland; along with supporting the identification of Southern Maryland locations that will potentially offer the best chance to acquire public and/or private funding to support bringing affordable and high-quality broadband services.

The survey results found:

- 11.2% of respondents reported not having access to broadband at home.
- Almost 72% of the respondents or someone in their home had home offices and connected remotely.
- 86% of the respondents indicated they are interested in switching service providers. The challenge is that most of the respondents do not have another viable choice.
- 77% of respondents are not satisfied with the speed of their current provider.
- Over 50% of the respondents are paying more than \$80 a month, just for Internet access. This high cost is being paid, despite the survey response indicating that over 40% of the respondents Internet access service doesn't meet the FCC definition of "broadband".

The Office of Rural Broadband has been building its capacity to service rural Maryland. Using a public/private model, the Office recently released a Request for Interest for Maryland's local governments to partner in broadband expansion plans. In order to best use the limited resources at its disposal, the Office is looking to partner with County governments, or their identified partner, interested in solving the problem of delivering broadband to unserved rural residents and businesses.

Connectivity is the defining aspect of the 21st century economy. Access to broadband services determines the work we do, the markets we access, financial prospects, and access to education, health care, and overall quality of life. In much of rural America, resources are scarce and technology nascent, and entire communities are being left behind. In the immediate future, the Council looks to continue its partnership with the Office of Rural Broadband to expand broadband services to unserved and underserved rural communities in Maryland.

The RMC is an independent state agency that is governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. Its mission is to bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

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POSITION STATEMENT

Senate Bill 265/House Bill 363 – Clean and Renewable Energy Standards (CARES)
Senate Finance Committee and House Economic Matters Committee
February 11, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 265/House Bill 363 – Clean and Renewable Energy Standards (CARES). This Administration bill adds “clean energy” to the Renewable Energy Portfolio Standard (RPS), removes some currently eligible combustion sources, and replaces them with large hydroelectric. The modified program is renamed the Clean and Renewable Energy Standard (“CARES”).

The Council is in support of the CARES program because clean and renewable energy creates a healthier environment as it does not produce greenhouse gas emissions and limits types of air pollution; diversifies energy supply and reduces dependence on imported fuels; and, creates economic development and jobs which is beneficial for Maryland’s economy.

Presently, this bill’s clean energy is heavily focused towards nuclear, solar, wind, and hydroelectric power. While forest resource products are highlighted in the bill, such as qualifying biomass generating station and combined heat and power systems, the Council would like to see an increase in the use of biomass to generate energy for Maryland. Presently, the forestry industry is ailing, and such an emphasis could aid in the resurgence of this renewable resource.

According to the Maryland Forests Association, Maryland is behind other states and countries in developing woody biomass markets. With recent closures of local mills throughout the State, smaller, more diverse markets are needed. However, forest fragmentation makes timber management difficult. Oftentimes, loggers prefer to work in other neighboring states that are less restrictive, but permitting varies greatly from county to county. Incentives to develop the market could revitalize a struggling industry.

Encouraging the development of forest or resource-based products could help the state meet its green energy goals. Retention of existing markets is just as critical as new business development. Ensuring a healthy, vibrant forest industry by supporting and developing markets will help improve local rural economies.

Sustainably harvested wood and biomass can play an essential role in ensuring the environmental health of our State. The State has set significant goals in the Renewal Portfolio Standard. In order to meet those Renewal Energy goals, we will need to diversify the current generation with additional sources. Thermal energy, and the use of wood biomass are an efficient and clean technology.

The Council respectfully requests your favorable support of SB 265/HB 363 and encourages an increase use of Maryland’s renewable forests to achieve the CARES goals.

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POSITION STATEMENT

Senate Bill 397- Sales and Use Tax and Personal Property Tax- Exemptions – Data Centers
Budget and Taxation Committee
February 12, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 397 - Sales and Use Tax and Personal Property Tax - Exemptions - Data Centers. This bill provides an exemption from the sales and use tax for the sale of qualified computer technology—including computer equipment, software, servers, routers, connections, and other enabling hardware for use at qualified data centers.

Data centers are secure facilities that house computer and network equipment that store, process and distribute large amounts of data. Data centers are considered the foundation of today’s booming digital economy and rapidly growing technology sector. For example, drones and sensors used by farmers to monitor their crops and soil are powered by data centers, as are gene therapies for diseases like cancer. Data Centers economic impact is substantial as they ultimately support approximately 160 local jobs, pay \$7.8 million in annual wages, inject \$32.5 million in the local economy, and can generate \$1.1 million in state and local revenue.

https://www.uschamber.com/sites/default/files/ctec_datacenterrpt_lowres.pdf

Today, 35 states provide data centers with sales-and-use tax exemptions for the purchases of required equipment, including Virginia. Virginia has benefited significantly from the positive tax treatment of qualified data centers. According to a 2019 report from Virginia’s Joint Legislative Audit and Review Commission, data center employment and investment have increased as data center incentives have expanded in the state. However, Virginia is running out of space and companies are looking to its neighbors to determine where to expand.

SB 397 will boost Maryland’s economic development by attracting data centers and supporting the state as a leader in innovation and investment in cyber and information technology. The Council respectfully requests your favorable support of SB 397.

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POSITION STATEMENT

Senate Bill 495 - Bay Restoration Fund - Use of Funds - Municipal Wastewater Facilities
Environment and Transportation Committee
February 11, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 495 - Bay Restoration Fund - Use of Funds - Municipal Wastewater Facilities. Maryland's Bay Restoration Fund funds wastewater treatment plant upgrades, cover crops, and septic upgrades to significantly reduce nitrogen pollution in the Chesapeake Bay and Maryland waterways.

This bill expands the authorized uses of the Bay Restoration Fund to include certain costs associated with the connection of a property using an on-site sewage disposal system to an existing municipal wastewater facility that has signed a funding agreement with the Department of the Environment and is under construction to achieve enhanced nutrient removal or biological nutrient removal level treatment; specifying that these costs may be provided only if certain conditions are met.

Small municipalities across the State are struggling with infrastructure needs. Aging water and waste water facilities are a major challenge. The American Society of Civil Engineers estimates \$9.92 billion in wastewater infrastructure needs over the next 20 years.
<https://www.infrastructurereportcard.org/state-item/maryland/>

A core component of rural prosperity includes enhancing the deployment of housing, transportation, water, wastewater, and broadband communications infrastructure and services in rural areas. The Rural Maryland Council administers the Rural Maryland Prosperity Investment Fund (RMPIF) which contains an infrastructure funding program. In Fiscal Year 2018 and 2019, funds from RMPIF were awarded to the City of Crisfield in the amount of \$375,000.00 to support the replacement of a failing wastewater pumping station and associated infrastructure throughout the City. Overall funding needs for sewer replacement totaled almost \$20 million. With a small population, only a small percentage of the overall replacement cost can be covered by the local ratepayers. Additional funding is necessary.

Other grant funding opportunities like these found through the Council and Maryland Department of the Environment's Bay Restoration Fund are invaluable and essential to Maryland's rural communities and the updating of their aging septic infrastructure. The Council respectfully requests your favorable support of SB 495.

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POSITION STATEMENT

Senate Bill 502- Health Insurance – Delivery of Mental Health Services – Coverage for Home Settings
Finance Committee
February 19, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 502 – Health Insurance – Delivery of Mental Health Services – Coverage for Home Settings. This bill requires Medicaid, subject to the limitations of the state budget, to provide mental health services to a patient in their home via telehealth. Additionally, the bill expands the definition of “telehealth” in order to include the delivery of these mental health care services in the patient’s home.

According to Substance Abuse and Mental Health Services Administration, approximately 3.3% of adults in Maryland live with a serious mental health conditions such as schizophrenia, bipolar disorder, and major depressions. Only 56.8% of these adults receive any form of treatment from either public system or private providers. The remaining 43.2% receive no mental health treatment. Mental health refers to a person’s cognitive, behavioral, and emotional wellbeing-it’s about how one thinks, feels, and behaves. A mental disorder or illness are health care conditions involving changes in these traits.

Access to high quality behavioral healthcare is critical to a patient’s treatment and recovery. Telehealth can play a major role in providing this care as it greatly expands access and reaches more patients. This type of treatment uses interactive audio, video, or other telecommunications or electronic technology to enable a licensed health care provider to reach more patients and deliver a health care services at a location other than the traditional office setting, such as a patient’s home.

Additional benefits include:

- Provides accessible health care for people who live in rural or isolated communities.
- Make services more readily available or convenient for people with limited mobility, time or transportation options.
- Access to medical specialists.
- Improve communication and coordination of care among members of a health care team and a patient.
- Provide support for self-management of health care, .

SB 502 will increase the quality of mental health care in Maryland. The Council respectfully requests your favorable support of SB 502.

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POSITION STATEMENT

Senate Bill 527- Health Insurance – Policy of Group Health Insurance – Associations
Finance Committee
February 19, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 527 – Health Insurance – Policy of Group Health Insurance - Associations. This bill clarifies in the current law that chambers of commerce may be considered an “association” and therefore eligible to offer insurance to small businesses.

A chamber of commerce’s mission is to create an environment in which businesses in the community can prosper. They are a type of business network; whose goal is to further the interests of businesses and advocate on behalf of their community. There are 57 chambers of commerce in Maryland. These chambers have long recognized the value of employee benefits and the difficulties smaller employers face accessing quality, affordable health care coverage. This bill would allow a chamber of commerce, to be an “association” and therefore the opportunity to provide affordable, competitive, secure benefits to employees of small businesses in their community.

The Rural Maryland Council respectfully requests your favorable support of SB 527.

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LETTER OF INFORMATION

Senate Bill 540 - Member - Regulated Cooperatives - Establishment
(Rural Broadband for the Eastern Shore Act of 2020)

Finance Committee

February 25, 2020

The Rural Maryland Council submits the following letter of information on Senate Bill 540 - Member - Regulated Cooperatives - Establishment (Rural Broadband for the Eastern Shore Act of 2020).

Broadband is critical infrastructure for business, education, and agriculture today and access remains a real issue in the state's rural areas with almost 20% of rural residents lacking internet access. Deployment presents a huge challenge as our rural areas have fewer residences to support the cost of network build out expenses. Using the Federal Communications Commission's definition of broadband as 25 megabits per second download and 3 megabits per second upload, only 64% of rural Marylanders have access to high-speed internet.

The Council supports allowing the rural electric cooperatives to become broadband providers. The Council does recommend including language that authorizes or enables the cooperative to provide last-mile broadband services. Network planning and thoughtful development of the broadband deployment model are essential for success as competing in the broadband industry which can present risk. The Council suggests that bill language be considered that would require that Choptank Rural Electric Cooperative submit a five year deployment plan of last mile residential services including timelines and project goals to the legislative committees.

However, SB540 primarily authorizes Choptank Rural Electric Cooperative to become a new "member-regulated cooperative" removing the organization from oversight by the Public Service Commission. This deregulation would allow the organization to leverage its electric assets for the deployment of broadband.

Overall, three rural electric cooperatives serve the State's rural areas: Choptank Rural Electric Cooperative, SMECO (Southern Maryland Electric Cooperative) and Somerset Rural Electric Cooperative in Garrett County. SB540 bill only applies to one of the three cooperatives and is essentially a local courtesy bill.

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Letter of Information
Senate Bill 630 – Grant Applications and Reporting – Uniform Forms and Requirements
Education, Health, and Environmental Affairs Committee
February 27, 2020

The Rural Maryland Council submits the following letter of information for Senate Bill 630 – Grant Applications and Reporting – Establishment.

The Rural Maryland Council (RMC) is an independent state agency with experience in grant management. In FY2020, RMC received 177 grant requests and awarded 83 grants for total amount \$6,291,030.01 to rural nonprofits, community colleges, local governments, institutes of higher education and the regional councils throughout the state. The Council offers two grant programs-Rural Maryland Prosperity Investment Fund (RIMPF) and the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF).

RMC agrees with the establishment of the Maryland Efficient Grant Application Council and ultimately the adoption of a uniform grant platform for state agencies. First, this type of platform would save RMC money-currently \$7,500 is spent annually to pay for a grant management software. Secondly, such a platform could create a one-stop-shop for grantees to visit, learn, and apply for the grants that best fit their needs. In return, grantors could learn from these grantees and one-and-other and ultimately have greater impact in the communities served.

While RMC supports such a platform, the Council has a concern with following the federal uniform guidance. Instituting a federal grants process could negatively impact our state's small, underserved, minority, rural and volunteer-run nonprofits.

The uniform guidance requires a grantee to have at least 3 years of experience prior to applying. Unfortunately, this would leave behind the startups and early innovators. One of the main goals for our MAERDAF grant program is to build capacity for rural serving non-profits, like F³ Tech. RMC provided the seed money to grow this program administered by the Eastern Shore Entrepreneur Center over the last three years and were recently awarded a grant for \$500,000 from the US Department of Commerce Economic Development Administration. Secondly, small grantees would be required to have federal audits done every year at significant cost, usually around \$30,000. Our MAERDAF program awards are capped at \$40,000. A federal audit will greatly reduce the impact of our funding. Third, the federal grant process is not an easy one to navigate and would most likely discourage small volunteer run nonprofits from applying; for example, Mace's Lane Community Center -a historic segregated high school in Dorchester County that is being converted into a heritage museum by a small dedicated volunteer-run, minority nonprofit. RMC awarded the group \$20,000 last year to pay for education displays for the museum.

RMC suggests an amendment to the current bill on page 5 insert on line 19, **(III) THE COUNCIL SHALL CONSIDER FLEXIBILITY IN FOLLOWING CERTAIN ASPECTS OF THE UNIFORM GUIDANCE FOR STATE GRANT PROGRAMS THAT ADMINISTER GRANTS TARGETED TO SMALL, RURAL, MINORITY, UNDERSERVED, OR VOLUNTEER-RUN NONPROFITS ORGANIZATIONS.**

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POSITION STATEMENT

Senate Bill 788- Income Tax – Credit for Community – Based Faculty Clinicians
Budget and Taxation Committee
February 26, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 788 – Income Tax – Credit for Community – Based Faculty Clinicians. This bill creates a nonrefundable credit against the State income tax for a licensed physician, physician’s assistant, or advanced practice registered nurse who serves without compensation as a community-based faculty clinician in an approved core clerkship. The Maryland Department of Health would issue a credit certificate of \$1,000 for each student for whom the applicant served as a community-based faculty clinician without compensation, not to exceed \$10,000 per applicant. This bill extends current law created in 2016, specifically Chapters 385 and 386, that established nonrefundable tax credits against the State income tax for a licensed physician or nurse practitioner who serves without compensation as a preceptor in an approved preceptorship program. SB788 uses the terminology, “core clerkship” instead of “preceptorship program” and includes physician assistants as a medical professional to benefit from this tax credit.

A core clerkship is for a student who is enrolled in a medical school, physician assistant program, or advanced practice registered nurse program located in the State and consists of at least 100 hours of certain community-based instruction. This bill would require a community-based faculty clinician (e.g. a physician, a physician’s assistant, or an advanced practice registered nurse) to provide two things, first, between 3 to 10 core clerkships during the year and secondly, have worked at least three rotations with each rotation consisting of 100 hours in a community-based clinical training and in an identified healthcare workforce shortage area.

Rural Maryland currently experiences a shortage of health care providers particularly in specialty areas, mental health and dental care. According to the Health Resources and Service Administration, there are 67 identified health professional shortage areas in our rural 18 designated counties. This bill would incentivize licensed medical professionals to mentor students during their core clerkship and offer opportunities for students to work in these shortage areas. RMC supports SB 788 efforts to increase efforts to improve recruitment and retention of rural health providers.

The Council respectfully requests your favorable support of SB 788.

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POSITION STATEMENT

Senate Bill 790 - Information Technology - Communications Lines - Installation
Finance Committee
February 25, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 790 - Information Technology - Communications Lines - Installation. This bill requires the Department of Information Technology (DoIT) to waive all fees applicable under its resource sharing agreement (RSA) standard pricing for all “last mile” broadband telecommunications projects in “unserved areas.” The last mile refers to the local Internet connection that physically reaches into the end user’s home, business, or premises. “Unserved area” refers to an area in which no facilities-based broadband service providers offer minimum connectivity speeds of 25 megabits per second to download and 3 megabits per second to upload.

The bill also exempts a private industry entity from having to have a project, including RSAs, reviewed and approved by DoIT if that entity has a separate legal right of access under State or local law to install communications lines and associated facilities in the State rights-of-way, including telephone and cable companies.

The issue of resource-sharing agreements and the Department of Information Technology was discussed by the Task Force for Rural Internet, Broadband, Wireless and Cellular Service after the issuance of a legislative audit and some of the concerns that were raised by the Department of Legislative Services. During the 2019 calendar year, there were some delays in the issuance of permits to providers through the State Highway Administration because of confusion regarding resource-sharing agreements with the Department of Information Technology. In August 2019, the Department of Information Technology released RSA policy guidance on DoIT’s policy implementation of the Resource Sharing Law (“RSL”), Annotated Code of Maryland, State Finance & Procurement Article (“SF&P”) § 3A-307(c), as it applies to certain private industry installation and use of fiber optic cable in State rights-of-way where the user has a separate statutory right to use of and access to the right-of-way.

Broadband is a critical infrastructure for business, education, and agriculture today and access remains a real issue in the state’s rural areas as almost 20% of rural residents lack internet access. SB790 will facilitate the expansion of rural broadband services by streamlining specific processes and waiving associated fees that have greatly impacted broadband projects in the past. The Council respectfully requests your favorable support of SB790.

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POSITION STATEMENT

Senate Bill 979 - Income Tax Credit- Value-Added Processing Expenses
Budget and Taxation Committee
March 4, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 979 – Income Tax Credit – Value-Added Processing Expenses. This bill provides a tax credit for 25% of qualified capital expenses made in connection with value-added processing conducted in the State. The credit can only be taken if expenses incurred exceed by \$10,000. The Department of Commerce is required to administer the tax credit and may award a maximum of \$1.0 million in credits annually. A qualified capital expense is defined as all expenditures made by the taxpayer for the purchase or installation of equipment for use in value-added processing.

Value-added processing is a process that transforms a raw agricultural, silvicultural, or aquacultural product into a new product. Think milk to cheese, butter, yogurt and ice cream or fruit to jam. Direct marketing and value-added products are two of the best strategy's farmers can employ to improve net profitability. These types of products can open new markets, enhance the public's appreciation for the farm, extend the marketing season, and create jobs.

For every dollar American consumers spend on food, U.S. farmers and ranchers earn just 14.6 cents from the sales of their raw food commodities, according to a report recently released by the U.S. Department of Agriculture Economic Research Service- <https://www.ers.usda.gov/data-products/food-dollar-series/>. This value marks a 17 % decline since 2011 and the smallest portion of the American food dollar that farmers have received since the USDA began reporting this data in 1993. The remaining 85.4 cents goes to the food supply chain industries in all post-farm activities that culminate in final market food dollars.

Why such a decline? One of the main reasons is food-away-from-home spending by consumers, which includes buying more of "ready-to-eat" or "ready-to-cook" food while farmers generally produce and market raw agricultural commodities. Value-added processing offers farmers the potential to capture a larger share of the food dollar by expanding their product and SB 979 will provide the tax credit incentive to help them do it.

The Council respectfully requests your favorable support of SB 979.

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POSITION STATEMENT

Senate Bill 982 – Highway User Revenues – Revenue and Distribution
Budget and Taxation Committee
March 4, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 982 – Highway User Revenues – Revenue and Distribution. This bill increases the share of funds from the Gasoline and Motor Vehicle Revenues Account that the Maryland Department of Transportation must annually provide to local governments through capital transportation grants by first, directly increasing the percentages that must be granted to local governments beginning in fiscal 2025 and secondly, requiring the revenue attributable to increases in the motor fuel tax rate due to increases in the Consumer Price Index to be distributed to Gasoline and Motor Vehicle Revenues Account rather than directly to the Transportation Trust Fund.

The Highway User Revenues are the share of gas tax and vehicle titling tax dedicated for local roadways and bridges in Maryland. Historically, the state shared 30% of these revenues with local governments to maintain their roads. However, the distribution of these funds was greatly cutback due the economic downturn in 2008, and the reduction in State funding continues to affect the ability of local governments to provide infrastructure repair, maintenance, and transportation services. While these local dollars have increased gradually over the years, the funding still reflects a sizeable decrease from the share of these revenues that were allocated to local governments in the past.

SB 982 can extend and revive the local distribution of transportation revenues by:

- Lifting the five-year statutory mandate to avoid funding falling back to deep-recession levels after FY2024.
- Placing the local distribution of transportation revenues into protected status.
- Increasing the share of revenues that are distributed to municipal governments to 15% (originally 30%).
- Removing the Consumer Price Index and re-applying the historic State/local split to the full, adjusted, revenue stream.

The gas tax is paid by local residents and sharing with local governments is important for local users to benefit from local road projects. According to the [World Bank](#), roads “are among the most important public assets in any country,” so keeping them in good working condition is critical. World Bank further declares, “Postponing road maintenance results in high direct and indirect costs.” This is the time to restore Highway User Revenues so that the State roads can be regularly maintained roads for the safety and benefit of all Maryland residents.

The Council respectfully requests your favorable support of SB 982.

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POSITION STATEMENT

Senate Bill 985 – Certified Local Farm Enterprise Program and Certified Local Farm Enterprise Food Aggregation Grant Fund - Establishment
Education, Health & Environmental Affairs
February 25, 2020

The Rural Maryland Council **SUPPORTS with SPONSOR AMENDMENT** Senate Bill 985 – Certified Local Farm Enterprise Program and Certified Local Farm Enterprise Food Aggregation Grant Fund - Establishment. This bill establishes the Certified Local Farm Enterprise Program and Office in the Maryland Department of Agriculture (MDA) to encourage State agencies and four-year public universities to achieve an overall goal of purchasing 20% of food from certified local farm enterprises. Additionally, the bill establishes a Certified Local Farm Enterprise Food Aggregation Grant Fund within the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) to establish and operate food aggregation, storage, processing, and distribution sites across the State through grants and near-equity investments.

The Certified Local Farm Enterprise Food Aggregation Grant Fund seeks to provide regional farmers expanded opportunities, increased access to institutional markets, improvements to aggregation and distribution, and access to new markets which compliment current productions. *Farm to Institution New England* is a six-state network of nonprofit, public and private entities working collaboratively to strengthen local food systems by increasing the amount of New England grown and processed food served in the region's schools, hospitals, colleges and other institutions. In 2017, they released a study that showed a trend in regional markets for local food at K-12 schools, hospitals, colleges, and other institutions. According to their research, it was found that those farmers selling directly to institutions were more likely to have a higher gross sales, and to have increased their acreage in the past five years, than those farmers who were not currently selling direct-to-institutions. Over half the farmers also reported that institutions provide stable prices, larger volume orders, and reduced marketing costs. The majority of responding farmers in this study agreed they sell to institutions because it provides an additional market for their products and builds relationships within the community.

<https://www.farmtoinstitution.org/sites/default/files/imce/uploads/FINE%20Producer%20Report.pdf>

The Council believes this study is indicative of some of the benefits potentially derived from SB985. This bill encourages increased opportunity for Maryland farmers to access institutional contracts, represents opportunity for both direct and indirect economic benefit, and increased quantities of locally sourced food in Maryland Institutions.

The Council respectfully requests your favorable support of SB985.

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POSITION STATEMENT

Senate Bill 986 – Public Schools – Agricultural Education and Grant Programs
Education, Health, and Environmental Affairs
Budget and Taxation Committee
March 3, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 986 – Public Schools – Agricultural Education Programs. This bill requires each county board of education to implement an agricultural science curriculum in at least one public high school and one career and technology education center. The curriculum will focus on opportunities in agriculture by providing instruction and developing skills in certain areas through integrated classroom and laboratory instruction, supervised agricultural and leadership experiences. Additionally, this bill will establish the Maryland Agricultural Education Grant Program with the main purpose to increase access to agricultural education in the state.

Agriculture is the leading commercial industry in the state-employing approximately 350,000 people, including nearly 6,000 full-time farmers. It is the largest single land use in the State, with nearly 2 million acres of working landscapes (32% of total land area used for farming in 2018). Agriculture works in both rural and urban areas-while the majority of Maryland's farmland lies in the north-central part of the State and the upper Eastern Shore, about 20 urban farms thrive in Baltimore City. According to a report released by the Business Economic and Community Outreach Network at Salisbury University, with the support of the Maryland Agricultural and Resource-Based Industries Development Corporation, agriculture, forestry, and aquaculture accounts for \$19.6 billion dollars and \$753 million dollars in state and local tax revenue in the state. Today, Maryland's agriculture industry is strong, but tomorrow this may change if steps are not taken now to support it.

American Farmland Trust coined the simple but poignant message, "No farms, No food", with the purpose of elevating America's farms as they provide an unparalleled abundance of fresh, healthy, and local food but also stressing the critical fact that farms are rapidly disappearing. According to the United States Department of Agriculture, there has been a 30% increase of farmers over the age of 75 and a 20% decrease of farmers under the age of 25. Furthermore, as these farmers retire or pass away, their land is often sold for development. The aging farmer populations, coupled with a growing demand for an agricultural workforce, and the threat of losing farmland to development, has led to a critical need to support the *farmers of tomorrow* through agricultural education curriculum in public schools.

In order to keep agricultural viable in Maryland, we need a robust agricultural education program. SB986 will strengthen the state's agriculture community by providing students with the tools, education, and experience needed to not only have access to successful careers in this essential industry, but to have a greater understanding and appreciation for it as well.

The Council respectfully requests your favorable support of SB986.

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POSITION STATEMENT

Senate Bill 121 - Sales and Use Tax - Aircraft Parts and Equipment – Exemption
Senate Budget and Taxation Committee
January 15, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 121 - Sales and Use Tax - Aircraft Parts and Equipment – Exemption. This bill provides an exemption from the sales and use tax for materials, parts, or equipment used to repair, maintain, or upgrade aircraft or the avionics systems of aircraft if the materials, parts, or equipment are installed on the aircraft. The bill also requires the Comptroller to report to the General Assembly by December 31 each year on the amount of sales and use tax revenue lost from the exemption and any change to the number of aviation technicians employed in the state as a result of the exemption.

A study published by the Maryland Aviation Administration reports that the Maryland airport system consists of Baltimore/Washington International Thurgood Marshall Airport, Martin State Airport, and 35 general aviation airports. The study estimated that these airports are responsible for over 107,000 direct and indirect jobs, \$7.8 billion in business revenue, and approximately \$590 million in State and local tax revenues.

In addition, the 2012 Economic Census lists 12 businesses in Maryland involved in aerospace product and parts manufacturing. The Maryland Comptroller's Office reports that, according to data from the National Business Aviation Association, there are (1) approximately 11,000 workers employed in the general aviation industry, (2) 24 Federal Aviation Administration certified repair stations, and (3) over 2,500 active general aviation aircraft in Maryland.

Rural Maryland hosts a number of regional airports. Salisbury-Ocean City Wicomico Regional Airport (Salisbury Regional Airport) spans 1,081 acres and is the second largest airport in Maryland. Salisbury Regional Airport supports 1,300 direct and indirect jobs in the area and generates approximately \$84 million in revenue annually. Hagerstown Regional Airport in Washington County offers passenger service in Western Maryland. The Federal Aviation Administration reports this airport hosted 10,665 passenger boardings in 2010. In the year ending March 31, 2011 the airport had 43,035 aircraft operations, an average of 117 per day: 79% of which were general aviation, 11% military, and 10% air taxi. 129 aircraft were based at Hagerstown: 94% single-engine, 4% jet, and 2% ultralight. Hagerstown Regional Airport also hosts a branch of the Pittsburgh Institute of Aeronautics. Ranked by Forbes as a Top Two-Year Trade School in 2018, PIA has produced aircraft mechanics and avionics technicians to enter the workforce in aviation maintenance, electronics, and other related fields since 1929.

SB 121 will boost Maryland's economic development by encouraging investment in expanded aviation infrastructure and workforce. The Council respectfully requests your favorable support of SB 121.

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