

2012 LEGISLATIVE AGENDA

A BALANCED APPROACH



Martin O'Malley, Governor

Anthony Brown, Lt. Governor

Equal Protection Under the Law

Marriage Equality – The Civil Marriage Protection Act of 2012

Background: Marylanders of all walks of life want their children to live in a loving, stable, committed home – protected under the law. As a free and diverse people of many faiths, we choose to be governed under the law by certain fundamental principles or beliefs, among them, the dignity of every individual, equal rights under the law, and free exercise of religion without government intervention. Other states have found a way to protect both these rights. So should Maryland.

Description: Governor O'Malley will sponsor legislation to allow same-sex couples to get a government-issued marriage license while including important provisions to ensure protection for religious institutions.

Jobs and Innovation

Infrastructure Investments

"In these economic times, the government's spending on goods and services have helped mitigate some of the ravages of the recession. While I am not an advocate for government spending, spending on infrastructure in these times makes good business sense."

- Dr. Darius Irani, Director, Regional Economic Studies Institute, Towson University

Background: During the 2011 special session, the O'Malley–Brown Administration, joined by Senate President Miller and Speaker Busch announced legislative briefings on Maryland's Transportation Infrastructure Needs and Economic Development and Job Creation. The Governor also hosted a symposium on Job Creation in December. The clear message from economists and business leaders alike was that the most effective and immediate way to create jobs is through infrastructure investments.

Description: The Administration's FY 2013 budget proposal includes a \$3.6 billion capital budget with State infrastructure and construction investments that will support over 37,000 jobs and leverage an additional \$1.4 billion in local government and private sector funds that will ultimately support nearly 15,000 Maryland jobs.

The budget proposal also includes critical investments in infrastructure, such as record funding of \$373 million to build, renovate and "green" Maryland's public schools, a \$15 million commitment to affordable rental housing construction, and green jobs investments, including upgrading the State's wastewater treatment plants.

Regulatory Reform

Background: On October 17, 2011, Governor O'Malley issued an Executive Order calling for a 60-day review of current state regulations with the intent of changing and/or eliminating regulations in order to spark faster job creation.

Description: The regulatory reform Executive Order required all state agencies to deliver a report to the Chief of Staff on ways to streamline regulatory processes. Agencies conducted comprehensive internal reviews; solicited input from Maryland's business community; reviewed public comments received via the Maryland Made Easy website; and submitted recommendations for more than 150 current State regulations to be repealed and/or streamlined. The Administration is in the review process of submissions and intends to submit them to the AELR Committee in the General Assembly in the coming weeks.

Maryland Innovation Initiative

Background: Maryland is home to the best public schools in the nation, a highly-educated workforce, and world-renowned research facilities. However, while we rank #1 in research and development per capita, we are only 37th in commercialization of that research. This gap between our massive future potential and the level of our entrepreneurial activity must be addressed. Last year, we passed *InvestMaryland* to help close that gap by investing venture capital dollars in innovative Maryland-based businesses. In order to further close the gap between the research dollars flowing into the State and our ability to commercialize the research into new jobs, opportunity, and economic growth, we need to unite our talent with our entrepreneurs across disciplines and universities. Maryland has all the tools to be the premier place to go to school, conduct high-end research, spin that knowledge into the marketplace, and successfully build a company. This initiative will help create the research and technology jobs that the New Economy demands.



Description: The Maryland Innovation Initiative is a groundbreaking joint venture between Maryland and its leading academic research institutions to accelerate commercialization of technology. This partnership promises to get dozens of technologies out of the laboratories and into the marketplace, creating new jobs and opportunities in the State. An interdisciplinary, cross-institutional team will work to award start-up grants to the innovators best positioned to push their technology and business plans into the marketplace.

Public-Private Partnerships

Background: Infrastructure of all types – roads, transit, ports, hospitals, courthouses, water and sewer, and education – is critical to our State’s economy, productivity, environment and quality of life. In addition, creating a robust infrastructure plan will strengthen Maryland and help create jobs. Public-private partnerships (P3) are one of many initiatives that can help address infrastructure needs. Initial estimates by Maryland departments overseeing capital projects have found that additional P3s could contribute between 6 and 10% of Maryland’s \$3.1 billion annual capital budget while creating as many as 4,000 jobs. While public-private partnerships are not the only solution, expanding their use can help us jumpstart projects that otherwise might not be built, increase private investment in new public infrastructure and put our construction industry back to work.



Lt. Governor Brown was Chair of the Joint Legislative and Executive Commission on Oversight of Public-Private Partnerships. The Commission was established under House Bill 1370 and Senate Bill 979 in 2010. The Commission was tasked with: assessing the oversight, best practices, and approval processes for P3s in other states; evaluating the statutory definition of P3s and recommending amendments as necessary; making recommendations for a process of legislative monitoring and oversight of P3s; and making recommendations on broad policy parameters within which P3s should be negotiated. The Commission met six times and received testimony from over 30 national experts in the fields of business, economics, labor, and finance. The Commission also held a Maryland Forward Forum at Baltimore City Community College to solicit public input from over 200 stakeholders.

Description: The legislation creates a transparent, accountable and predictable process for future public-private partnership infrastructure projects. Specifically, the legislation will improve the State’s definition of a P3, strengthen and shorten the legislative review process by requiring more detailed reporting up-front and a faster approval process once a partner(s) are selected. The bill includes language promoting Maryland’s current policy objectives such as green buildings and MBE. The legislation requires an assessment of the project’s impact on Maryland’s current and future workforce, and clarifies the role of state financing. Lastly, the legislation establishes a process for the state to receive and review unsolicited project proposals from the private sector, and creates a framework for an improved review and coordination process within the Executive Branch.

A More Sustainable Future

Sustainable Growth and Preservation Act of 2012

Background: At the conclusion of the 2011 regular session the Governor created the Task Force on Sustainable Growth and Wastewater Disposal following a vigorous debate on HB1107 and the issue of the use of septic systems. Last year's legislation would have prohibited, with specified exceptions, the State or a local authority from recording or approving a residential major subdivision on septic and required best available technologies (BAT) for all septic. The Governor's legislation was crafted with the recognition that outdated wastewater technologies—septic systems—are one of the few nitrogen pollutant sources in Maryland that continues to increase and which often supports wasteful land development practices outside of our sewered areas. If left unchecked, such practices could undermine Maryland's Bay restoration, smart growth, and sustainability efforts. Maryland's population continues to grow and is expected to increase by 1 million people by 2035. Implementing protective measures now will ensure that the land use and pollution impact of future Marylanders is minimized, giving us the greatest chance of success in restoring the Chesapeake Bay and protecting our rural landscape.

Description: This year's legislation will address the pollution and land use impacts of septic systems and follows the recommendations made by the Task Force on Sustainable Growth and Wastewater Disposal, a group that consisted of 28 members from across the State of Maryland representing a wide spectrum of stakeholders. The bill creates four tiers for inclusion in local comprehensive plans to guide growth on central sewer and septic systems. Instead of banning septic systems, with optional new tiers to aid local, comprehensive planning – it assists local communities in moving septic growth away from areas where it will contribute to sprawl and pollution.

Maryland Estate Tax-Payment Deferral for Qualified Agricultural Property- Extension of Payment Deferral

Background: In the competition among states for jobs and opportunity, Maryland's economic strength depends on our ability to strengthen, grow, and defend our family farms and family-owned businesses. This bill is about securing a more sustainable future for Maryland farming which protects our heritage and strengthens our agriculture economy.

Description: The premise of this legislation is simple: our State's tax policies **should not** push families into selling the family farm. Under this legislation, only the highest valued farms would be subject to the estate tax.



Bay Restoration Fund

Background: The main goal of the Bay Restoration Fund is to provide grants to owners of wastewater treatment plants (WWTPs) to reduce nutrient pollution to the Chesapeake Bay by upgrading the systems with enhanced nutrient removal technology.

Description: The legislation restructures an existing fee on users of wastewater facilities, septic systems, and sewage holding tanks. Reflecting some of the recommendations of Task Force on Sustainable Growth and Wastewater Disposal, the Governor's legislation proposes to double the revenue from the current fee. This is necessary to address the current funding shortfall for upgrading all 67 major WWTPs by 2017 as committed to in Maryland's Phase 1 Watershed Implementation Plan (WIP), and to provide resources to address two other major components of the Phase 1 WIP Developed Land strategies: septic system upgrades/connections to WWTPs and stormwater retrofits. The bill proposes a progressive fee structure based on consumption that doubles the yield.



The proposed Bay Restoration Fund fee structure is as follows: \$0.90 per 1,000 gallons for first 2,000 gallons per month and \$1.25 per 1,000 gallons thereafter. Under this scenario, the average fee will increase from \$2.50 per month to \$5.00 per month. Low end users (e.g. 2,000 gallons per month) will see a lower fee (\$1.80/mos) and higher end users (e.g. 8,000 gallons per month) will see an increase (\$9.30/ mos). Since septic systems are not metered for water use, the current fee of \$2.50/month will double to \$5.00/month. However, those residents who qualify for an exemption from the fee because of income will be encouraged to apply to the local jurisdiction for this exemption.

The Maryland Offshore Wind Energy Act of 2012

Background: In 2008, the General Assembly doubled Maryland's Renewable Portfolio Standard, requiring electricity suppliers to purchase 20 percent of the electricity they sell from renewable sources by 2022. In order to meet this requirement with home grown generation, Maryland must capitalize on the resources off its shores. Last year, the General Assembly chose to study the policy considerations regarding offshore wind energy during the interim. Though the offshore wind industry has been operating in Europe for over two decades, with 3,620 MW of installed capacity, no offshore wind has yet been built in the United States. A number of states, however, have taken steps to promote the development of this industry.

Description: The Maryland Offshore Wind Energy Act of 2012 will enable Maryland to harness the powerful gusts of wind blowing off of Maryland's shores and to create thousands of jobs in a new offshore wind industry. By establishing an offshore wind renewable energy credit (OREC) carve-out within Maryland's existing Renewable Portfolio Standard, the bill will create the right policy framework to encourage private investment in this emerging industry and provide our citizens with

clean renewable electricity. The OREC model being proposed would allow at least a 450 MW project to be built, creating 1,300 jobs during the five-year construction phase and 480 operation and maintenance jobs once the project is complete in 2017. The bill would limit the anticipated rate impact to \$2.00 per month for the average residential customer, which would not take effect until 2017.

Transportation Revenue

Background: Maryland has some of the worst traffic in America. When the gas tax was last raised to 23.5 cents a gallon in the early 1990s, the price of a gallon of gasoline in the United States was \$1.08. Twenty years later our road network has expanded with Maryland's growing population and our bridges have grown older. Gasoline now costs \$3.50 cents; but the primary revenue supporting our transportation infrastructure is the same flat 23.5 cents a gallon.

The Blue Ribbon Commission on Maryland's Transportation Needs recommends an additional annual investment of \$800 million annually.

Description: This bill would repeal the exemption of state sales tax on motor fuel purchases and phase in Maryland's current 6% sales tax between wholesaler and retailer over three years. Revenues would be indexed to the price of gasoline ensuring that as the price of gasoline increases over time, the revenues to alleviate traffic congestion also go up. On the other hand, the legislation will include a "braking mechanism" to protect consumers in the event that the price of gas spikes.

A Healthier Maryland

Health Benefit Exchange Act of 2012

Background: The Affordable Care Act requires each state, by January 1, 2014, to establish a health benefit exchange that makes available qualified health plans to qualified individuals and employers, and meets certain other requirements. Federal health care reform expands Medicaid, requires states to establish health insurance exchanges for individuals and small businesses, and provides subsidies for coverage. Maryland seeks to establish a highly effective, efficient, and accountable exchange to reduce the number of Marylanders without health insurance and to provide Marylanders with high-quality, affordable private health plans at competitive costs. Following last session's legislation creating the framework for the exchange, the Board of the Maryland Health Benefit Exchange worked with a broad range of experts and stakeholders to develop a series of policy recommendations. These experts included four advisory committees with stakeholders from the health insurance



industry, health care providers and associations; community members, advocates, community-based organizations; academia; business owners; unions; local government officials; and consultants. In total, 66 Marylanders served on these committees.

Description: The Health Benefit Exchange Act of 2012 is based on the recommendations established through this open and collaborative process. The proposal will support the successful operation of the Exchange and allow the Exchange to meet the State's goals by facilitating the purchase and sale of qualified health and dental plans in the individual insurance market, and by assisting qualified employers in the enrollment of their employees in qualified health and dental plans in the small group market. Under the proposal, the individual and small group markets will continue to exist outside of the Exchange, which will supplement the current markets.

The Maryland Health Improvement and Disparities Reduction Act of 2012

Background: Maryland has numerous advantages for good health, including the 3rd highest median household income, 2nd highest number of primary care physicians per capita, and 10th lowest rate of smoking. We are also home to some of the nation's best hospitals and academic medical centers. Despite these advantages, we still have significant health disparities in health care and health outcomes. These disparities include, among others, significant disparities between blacks and whites in Maryland hospital admission rates, disease rates, and deaths. For example, African Americans in Maryland have an infant mortality rate that is almost three times the rate for white Marylanders, have an incidence of new HIV infections at almost 12 times the rate of the white population, and are almost twice as likely to lack health insurance as whites; Maryland Hispanics are over four times more likely to not have health insurance when compared to whites; and American Indians in Maryland are three times more likely to experience end-stage kidney disease than whites. The Maryland Quality and Cost Council formed a workgroup to examine ways to reduce health disparities in the State and recommended taking action to reduce these disparities and improve the health of all Marylanders. One of the workgroup's key recommendations centered around the creation of Health Enterprise Zones.

Description: Under the leadership of Lt. Governor Anthony Brown, the Maryland Health Improvement and Disparities Reduction Act of 2012 will create a series of geographically based Health Enterprise Zones (HEZs) in underserved communities impacted by health disparities. Within a designated zone, incentives would be provided to eligible primary care practitioners and community-based organizations or local health departments to expand and improve access to care, improve health, and reduce disparities.

Other

Procurement – Investment Activities in Iran

Background: The global community has repeatedly expressed concern about Iran’s nuclear activities, and the threat to peace posed by those activities. In 2010, President Obama signed the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, which precludes companies that do business in Iran from contracting with the federal government, and authorizes States and local governments to prevent investment in companies that do business with Iran. Maryland has shared concerns about this issue. In 2008, the O’Malley-Brown Administration sponsored successful legislation requiring our Retirement and Pension System to divest its holdings in companies that conduct business with Iran and Sudan.

Description: This Session, the Administration will sponsor legislation to prevent companies that do business in Iran in certain sectors from doing business with the State of Maryland.