



LARRY HOGAN
GOVERNOR

STATE OF MARYLAND
OFFICE OF THE GOVERNOR

April 2, 2021

The Honorable Adrienne A. Jones
Speaker of the Maryland House of Delegates
H-101 State House
Annapolis, MD 21401

The Honorable Bill Ferguson
President of the Maryland Senate
H-107 State House
Annapolis, MD 21401

Dear Madam Speaker and Mr. President:

The COVID-19 pandemic has presented unprecedented challenges for all Marylanders, but it has been perhaps most difficult and disruptive for children across our state. There is broad consensus that getting students safely back into the classroom must remain a top priority, and that any potential health risks are far outweighed by the negative impact of prolonged school closures on the education, mental health, and emotional well-being of our students. We have already seen the tangible consequences—failing grades for students throughout Maryland were far higher in the first term of this school year than in the previous year.

As we move forward in our health and economic recovery, we must do everything in our power to keep Maryland students healthy, safe, and learning. For the seventh consecutive year, our administration is providing record funding for K-12 education, including a record \$7.5 billion for FY 22. No governor in the history of our state has ever invested more in education.

We have also delivered state and federal COVID-19 relief funding to our schools as quickly as possible. This includes another \$151 million for targeted tutoring grants in each jurisdiction to support those students who are most at risk of falling behind and combat the growing learning loss. To bridge the growing digital divide that has been further exposed by the pandemic, we also provided \$100 million to local school systems to ensure that students have access to the most up-to-date devices and connectivity. This was above and beyond our \$25 million investment for urban and rural broadband for education. And earlier this week, we announced a bipartisan agreement, which provided an additional \$300 million investment in broadband infrastructure and dedicated more than \$600 million to supporting the safe reopening of Maryland schools.

House Bill 1372 - Blueprint for Maryland's Future - Revisions recognizes that the previous measure needed to be revisited and revised. It contains laudable goals and shared priorities to ensure that Maryland students will recover from the significant challenges presented by the COVID-19 pandemic. I am in complete support of requiring local school systems to implement tutoring and summer school programs, and of providing additional supports for the behavioral health challenges that have arisen. We are also in full agreement on measures to ensure long-term support to fulfill technology and broadband connectivity needs.

While we clearly share similar priorities, I continue to have significant fiscal concerns regarding the Blueprint for Maryland's Future spending plan and the lack of identified revenue sources to fund this unprecedented increase in spending. As currently structured, it is a virtual certainty that the unfunded mandates in the initial Blueprint legislation will lead to massive tax increases for hardworking Maryland families and small businesses.

For the seven years between FY 27 and FY 33, there is not enough fund balance to cover this additional spending. Without a funding source identified, this would require the state to inflict crippling tax hikes on Marylanders who are already struggling to recover from the pandemic.

The cumulative annual gaps between FY 27 and FY 33 total \$10 billion. Closing this gap would require one of the following measures:

- The income tax rate would need to be raised by 11.4%.
- The sales tax would need to be raised by 32.8%.
- The property tax would need to be raised by 96.5%.

Overall, this would cost Maryland households \$3,150 in new taxes.

For these reasons, and in accordance with Article II, Section 17 (c) of the Maryland Constitution, I am allowing *House Bill 1372 Blueprint for Maryland's Future - Revisions* to become law without my signature. During this time of unprecedented crisis, the last thing Marylanders need are higher taxes. House Bill 1372, while correcting some of the problems of the earlier version I vetoed, completely fails to directly address this most important issue. I believe that we can still accomplish this shared goal in a fiscally responsible and sustainable manner. The General Assembly will need to once again rewrite the original legislation to address these critical fiscal flaws in the 2022 legislative session.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lawrence J. Hogan, Jr.", written in a cursive style.

Lawrence J. Hogan, Jr.

Governor