

REGIONAL LEGISLATIVE BRIEFINGS

Special Session and 2012 Legislative Issues

- **Why a Special Session?**
 - Boundaries for districts of members of House of Representatives must be redrawn every 10 years to maintain equal population
 - 8 districts of 721,529 in Maryland
 - Districts may not disadvantage minorities
 - Primary election to be held on April 3, 2012
 - January 11, 2012 candidate filing deadline
 - Need to establish new district lines and resolve court challenges before next year's election deadlines
 - <http://mlis.state.md.us/Other/Redistricting/redistricting.htm>

- **Special Session Procedures**
 - Governor issues proclamation calling General Assembly into special session on a specific date
 - Special session may not exceed 30 days
 - General Assembly may consider legislation on any issue
 - All standard rules and procedures apply for General Assembly action

- **What Happened at the 2007 Special Session?**
 - 94 bills introduced on a variety of subjects
 - Some bills introduced and heard the same day
 - Some issues passed with no hearing (Tech Tax)
 - 36 bills heard in Ways & Means Committee on a Saturday
 - \$1.4 billion in tax increases – about one-half paid by businesses

- **What Do We Expect at the 2011 Special Session?**
 - 2 or 3 day session during the week of October 17th
 - Passage of a bill establishing new boundaries for 8 Congressional districts
 - Dozens of bills on a variety of issues, with little time to react
 - Consideration of vetoed bills from 2011 session (6 policy/76 duplicates)

- **Transportation Funding**
 - Transportation needs
 - Over \$40 billion shortfall over next 20 years
 - No money is available at state or federal level for any new project
 - Federal 18.4 cent gas tax lapses at the end of September
 - Maryland's infrastructure rated a C+ from national engineers' association
 - BRAC employees are here – road and transit improvements lag
 - Local governments strapped for road funds due to state diversion
 - Possible solutions
 - Adequate protection of the Transportation Trust Fund (Stop raids on dedicated transportation revenues)
 - 12 diversions of state TTF revenues since 1984

- \$671 million state TTF revenues diverted to other uses/ \$540 million repaid
 - Over \$1.2 billion in local highway user revenues diverted to non-transportation purposes/ none repaid
 - Must enact a constitutional amendment to protect the TTF
 - Revenue Sources
 - State fuel tax
 - Public private partnerships
 - Tolls
 - Fees based on vehicle miles travelled
 - Key decision makers
 - Blue Ribbon Commission on Transportation
 - START (Statewide Transportation Alliance for Restoring the Trust)
 - Governor and Legislative Leadership
 - Maryland Chamber position
- **State Budget Outlook**
 - A decade of imbalance driven by
 - Thornton K-12 funding increases
 - Medicaid expansion and enrollment increases
 - Public employee fringe benefit costs
 - Recession
 - Use of increasingly creative ways to balance state budget
 - \$1.4 billion tax increase at 2007 special session
 - Slots
 - TTF raids
 - Cleaning out special funds
 - Taking local governments' income tax and Highway User Revenues
 - Fee increases
 - Swapping bonds for PAYGO
 - Hospital and nursing home assessments
 - Budget problems could increase
 - Over \$1 billion annual gap between ongoing revenues and projected spending
 - September 15th revenue estimates unlikely to provide significant help
 - State budget and economy at risk of significant federal budget cuts
- **Taxes are Always on the Table**
 - Governor calls for legislators to be "open to new revenues" at 2012 legislative session
 - Senate Budget & Taxation Committee exploring sales and corporate income taxes
 - Speaker Busch says "they're all going to be discussed" at the 2012 session
 - Look for the usual suspects:
 - Sales tax rate increase, taxation of services, or Internet sales
 - Combined reporting for corporate income tax
 - Gross receipts tax on businesses
 - High earner bracket for individual income tax
 - Classified real property tax rates to increase business taxes

Attachment 2. Transportation Trust Fund: Transfers to/from General Fund

MDOT Funds

FY	Transfers from the Trust Fund to the General Fund	Transfers from the General Fund to the Trust Fund
1984	\$ 29 million (Budget Shortfall) ⁽¹⁾	
1985		
1986	\$100 million MD Deposit Insurance Fund (Savings and Loan) ⁽²⁾	
1987		\$15 million (partial payback of \$129 million)
1988	\$ 31 million (MEDEVAC Helicopters) ⁽³⁾	\$30 million (partial payback of \$129 million)
1989		\$36 million (partial payback of \$129 million)
1990		\$36 million (partial payback of \$129 million)
1991	\$ 22.2 million (Budget Shortfall) ⁽⁴⁾	\$12 million (final payback of \$129 million)
1992	\$ 48.0 million (Budget Shortfall) ⁽⁵⁾	
1993	\$ 14.3 million (Driver's Education Account) ⁽⁶⁾	
	\$ 3.8 million (Early Retirement Veto – 111 PINs) ⁽⁷⁾	
1994	\$ 1.3 million (Early Retirement Veto – 46 (PINs) ⁽⁸⁾	
1995	\$ 6.5 million (MEDEVAC Helicopters) ⁽⁹⁾	
1996		
1997		\$ 6 million (Failure of Fuel Efficiency Legislation) ⁽¹⁰⁾
1998		\$21 million (Failure of Fuel Efficiency Legislation) ⁽¹⁰⁾
1999		\$15 million (Failure of Fuel Efficiency Legislation) ⁽¹⁰⁾
2000		
2001		\$25 million (Woodrow Wilson Brdg/Addison Rd, Metro Ext.) ⁽¹¹⁾
		\$10.2 million (land adjacent to Greenbelt Metro) ⁽¹²⁾
2002		
2003	\$160 million (Budget Shortfall) ⁽¹³⁾	
2004	\$155 million (Budget Shortfall) ⁽¹³⁾	
2005		
2006		\$50 million (repayment of \$315 million transferred in 2003/2004) ⁽¹³⁾
2007		\$53 million (Repayment direct to MdTA for ICC) ⁽¹³⁾
2008		
2009		
2010		\$55 million (Repayment direct to MdTA for ICC) ⁽¹³⁾
2011		\$89 million (Repayment direct to MdTA for ICC) ⁽¹³⁾
2012		(Final repayment of \$68 million scheduled in 2012)
TOTAL	<u>\$571.1 million</u>	<u>\$521.2 million</u>

Local Government Funds (Highway User Funds: HUR)

FY	Transfers from the Trust Fund to the General Fund	Transfers from the General Fund to the Trust Fund
2003	\$ 17.9 million from HUR Local Portion	
2004	\$102.4 million from HUR Local Portion	
2005	\$102.4 million from HUR Local Portion	
2006	\$ 48.5 million from HUR Local Portion	
2007		
2008		
2009		
2010	\$303.7 million from 19.5% of HUR ⁽¹⁴⁾	
2011	\$372.6 million from 23.0% of HUR ⁽¹⁴⁾	
TOTAL	<u>\$947.5 million</u>	<u>\$0.0</u>

Note: 20.4% from HUR scheduled in 2012 ⁽¹⁴⁾

Exhibit A-1.8
General Fund Budget Outlook
Fiscal 2010-2016
(\$ in Millions)

<u>Revenues</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Working</u>	<u>2012</u> <u>Leg.</u> <u>Approp.</u>	<u>2013</u> <u>Est.</u>	<u>2014</u> <u>Est.</u>	<u>2015</u> <u>Est.</u>	<u>2016</u> <u>Est.</u>	<u>2012-16</u> <u>Avg</u> <u>Annual</u> <u>Change</u>
Opening Fund Balance	\$87	\$344	\$647	\$43	\$0	\$0	\$0	
Transfers	243	319	309	58	37	38	45	
One-time Revenues and Legislation	593	42	55	-8	-8	0	0	
Subtotal One-time Revenue	\$922	\$705	\$1,011	\$93	\$29	\$38	\$45	-53.9%
Ongoing Revenues	\$12,864	\$13,204	\$13,696	\$14,413	\$15,122	\$15,814	\$16,511	
Revenue Adjustments and Legislation	0	0	84	85	76	68	69	
Subtotal Ongoing Revenue	\$12,864	\$13,204	\$13,780	\$14,498	\$15,199	\$15,882	\$16,581	4.7%
Total Revenues and Fund Balance	\$13,786	\$13,909	\$14,791	\$14,591	\$15,228	\$15,920	\$16,626	3.0%
Ongoing Spending								
Operating Spending	\$14,494	\$14,858	\$15,047	\$15,851	\$16,654	\$17,401	\$18,186	
VLT Revenues Supporting Education	-11	-83	-215	-287	-471	-512	-549	
Multi-year Commitments	5	25	25	25	75	65	50	
Ongoing Spending – Legislation	0	0	13	15	17	18	20	
Subtotal Ongoing Spending	\$14,489	\$14,800	\$14,870	\$15,605	\$16,275	\$16,972	\$17,707	4.5%
One-time Spending								
PAYGO Capital	\$0	\$1	\$0	\$1	\$1	\$1	\$1	
One-time Reductions	0	0	-165	-15	0	0	0	
One-time Fund Swaps	0	-350	0	0	0	0	0	
One-time Spending – Legislation	0	0	48	2	0	0	0	
Federal Stimulus Funds	-1,161	-1,189	-5	0	0	0	0	
Appropriation to Rainy Day Fund	115	0	0	50	50	50	50	
Subtotal One-time Spending	-\$1,046	-\$1,538	-\$122	\$37	\$51	\$51	\$51	n/a
Total Spending	\$13,442	\$13,262	\$14,748	\$15,643	\$16,326	\$17,023	\$17,758	4.8%
Ending Balance	\$344	\$647	\$43	-\$1,052	-\$1,098	-\$1,103	-\$1,131	
Rainy Day Fund Balance	\$612	\$623	\$682	\$722	\$757	\$792	\$826	
Balance Over 5% of GF Revenues	-16	-37	2	1	1	1	1	
As % of GF Revenues	4.87%	4.72%	5.01%	5.01%	5.01%	5.01%	5.00%	
Structural Balance	-\$1,625	-\$1,596	-\$1,091	-\$1,107	-\$1,076	-\$1,090	-\$1,126	

GF: general fund

PAYGO: pay-as-you-go

VLT: video lottery terminal



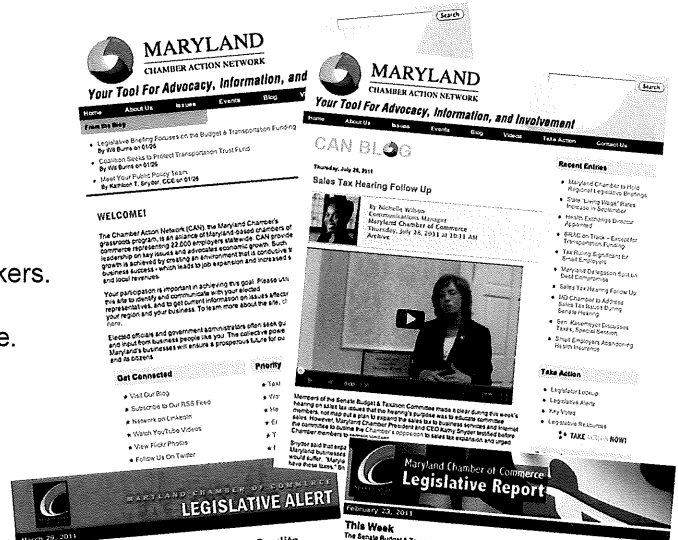
During the General Assembly session, the Maryland Chamber of Commerce works to keep you up to date on the latest legislative developments.

Chamber Action Network

www.ChamberActionNetwork.com

The hub of the Maryland Chamber's legislative communications efforts provides:

- In depth information on key business issues.
- Frequent legislative updates from Annapolis.
- Tools to help you identify and communicate with your lawmakers.
- A calendar of business-related legislative events.
- Interactive features like a blog, polls, video updates and more.



Email

Legislative Report

Weekly email during the legislative session that outlines the Maryland Chamber's policy positions and provides updates on key business bills.

Legislative Alerts

Breaking legislative news sent to members when immediate action is needed to affect the legislative process.

Social Media



www.twitter.com/mdchamber

Follow the Maryland Chamber on Twitter for short, timely updates on the latest news and business issues.



www.facebook.com/mdchamber

"Like" the Maryland Chamber's Facebook page to get Maryland Chamber updates in your news feed and connect with other members online.



www.mdchamber.org/linkedin

Join the Maryland Chamber LinkedIn group to get Maryland Chamber updates and discover connections at other Maryland companies.

