

BRIAN J. FELDMAN
15th Legislative District
Montgomery County

Economic Matters Committee

Chair
Banking, Economic Development,
Science and Technology Subcommittee
(BEST)

House Chair
Joint Information Technology
and Biotechnology Committee

Chair
Montgomery County House Delegation



The Maryland House of Delegates
ANNAPOLIS, MARYLAND 21401

Annapolis Office
The Maryland House of Delegates
6 Bladen Street, Room 223
Annapolis, Maryland 21401
301-858-3186 • 410-841-3186
800-492-7122 Ext. 3186
Fax 301-858-3112 • 410-841-3112
Brian.Feldman@house.state.md.us

District Office
12110 Little Creek Drive
Potomac, Maryland 20854
301-517-5719

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Dear Friend,

The Maryland General Assembly's 2010 Legislative Session concluded on April 12, 2010. The following is a summary of several important issues with which I was involved. I appreciate you taking the time to read this letter and if you have any questions or comments, please do not hesitate to contact my office at Brian.Feldman@house.state.md.us.

The Fiscal Year (FY) 2011 Budget discussions were complex and exhaustive. The State Constitution requires the General Assembly to pass a balanced budget each year. This year, the emphasis was to protect funding for crucial priorities, such as public education, while crafting an extremely lean Budget and not raising taxes. The General Assembly passed a balanced FY 2011 Budget in the amount of \$31.9 billion. To achieve a balanced budget without raising any taxes, the General Assembly had to make tough choices. We cut \$525 million in spending and brought the **General Fund spending below 2007 levels**. This decrease will make our State government smaller and more efficient. We have eliminated 4,000 State government positions over the past four years.

The State was able to maintain its strong commitment to K-12 education by providing \$5.7 billion to education in the form of aid to teachers, textbooks and other educational needs. I am proud of Maryland's designation from *Education Week*, the Nation's leading education newspaper, which ranked Maryland's public schools first in the Nation for a second year in a row. This distinction is reflective of the significant investment the State has made in K-12 education over the last decade. Additionally, the State continues its commitment to higher education by providing \$1.2 billion to Maryland universities and colleges.

Furthermore, the General Assembly was able to leave nearly \$830 million in cash reserves, including the State's Rainy Day Fund, while we retained the State's AAA bond rating, **one of only seven states in the Nation** to have such a rating. The independent Fitch Ratings Agency reviewed the State's finances and reported that Maryland's "financial operations are conservative."

Mindful of budgetary constraints this year, I sponsored bills that were intentionally designed to have no impact on the Budget. In the area of corporate law, I introduced and gained passage of three bills that will update, clarify and modernize our corporate laws. These updates will allow Maryland corporations to compete more effectively with businesses incorporated in other states.

Additionally, in collaboration with Sen. Raskin (D-20), I introduced and gained passage of innovative legislation to create a new corporate status called a "Benefit" or "B Corporation." This corporate structure will encourage green businesses and socially-conscious corporations to settle and register in Maryland. As the first State to enact such legislation, Maryland will allow companies to officially incorporate a public welfare ethic into their charter. Hundreds of companies from around the Country, seeking to take advantage of this unique elective status, may choose to incorporate in Maryland.

As the House Chair of the Joint Information Technology and Biotechnology Committee, I continue to focus my attention on issues relating to our technology sector. I am pleased to announce that \$8 million has been allocated for the Biotechnology Tax Credit program, an increase of \$2 million from last year. The Biotechnology Tax Credit program serves as a model for the rest of the United States. As the author and lead sponsor of the legislation which created the program, I am confident that this added investment will directly lead to the creation of additional high paying jobs in Maryland's emerging biotechnology sector. Also this Session, I introduced and gained passage of legislation that authorizes the Montgomery County Department of Economic Development to make an equity investment in companies that do business in Montgomery County, in accordance with certain investment guidelines and other restrictions. The legislation will provide an important additional economic development tool for Montgomery County as it competes with other jurisdictions and seeks to attract and retain companies, particularly small early stage biotechnology companies.

Last year, the General Assembly banned the use of texting while driving. This year, the General Assembly passed a law to ban the use of hand held cell phones while driving. Effective October 1, 2010, Maryland will join six other States and the District of Columbia to prohibit hand held cell phone use while driving. Drivers will be able to use blue tooth technology and other technology that does not require the use of the driver's hands to speak and they will be able to use their hands to turn their phone on and off. This will be a secondary offense. Drivers will only be cited if they commit another offense, such as failing to stop at a red light. They cannot be stopped solely for violating the provisions of the new law. The fine for the first violation will be \$40.

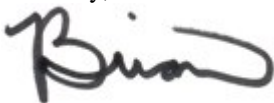
As the Chair of the Montgomery County House Delegation, I have enjoyed the challenge of leading the State's largest delegation. Early in the Session, one of the most pressing issues was a potential \$23.4 million penalty that the State was threatening to levy against Montgomery County and its school system due to an interpretation of an existing State law regarding education funding requirements for FY 2010. I worked with my Delegation colleagues on behalf of the County to bring a resolution to the "Maintenance of Effort" (MOE) penalty, by co-sponsoring legislation that waived the penalty. The legislation passed the General Assembly and was signed into law by Governor O'Malley on April 13th. Additionally, FY 2011 State funding for K-12 education in Montgomery County increased by \$53 million over FY 2010.

The question of shifting the cost of teachers' pensions from the State to the counties was brought before the General Assembly. The Montgomery County House Delegation was unified in opposition despite passage of a Senate bill that would have shifted 50% of such costs to the counties. Any such shifting of the pension costs would have disproportionately hurt Montgomery County and its school system relative to other jurisdictions. As a direct result of the House Delegation's position, the Senate bill was soundly defeated in the House. After much debate, the legislature agreed to establish an interim study to take a comprehensive look at the State's retirement system and make recommendations to the General Assembly by December, 2010. The retirement system review will encompass State employees, current retirees and teachers.

Finally, the Delegation was successful again this year in obtaining a significant amount of capital funds for Montgomery County projects. To date, we have secured \$20 million for K-12 school construction projects and I am optimistic that we will receive an additional \$10 to \$20 million when the allocations are finalized. Overall, the Delegation secured more than \$44 million in State capital funds for a variety of health, recreational and cultural organizations in Montgomery County.

In closing, thank you for putting your trust in me by allowing me to represent you in Annapolis. It is an honor to serve you, Montgomery County and the State of Maryland.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian", written in a cursive style.

Brian J. Feldman

