

End of Session Letter - 2008

April 8, 2008

Dear Constituents:

Thank you for corresponding with me during the 2008 Maryland General Assembly session on one or more issues. I've provided below a brief synopsis of some of the major initiatives of the session.

This year, I completed my second year on the **House Judiciary Committee** and the **Family Law Subcommittee**. I also serve as the **Chief Deputy Whip** for the **House Republican Caucus**. It is a great privilege for me to serve the citizens of the 42nd district.

Special Session: No discussion of the 2008 session would be complete without first reviewing the Special Session in November 2007 that was convened by Governor O'Malley to resolve the State's structural deficit. I opposed the special session from the outset because I feared that only large-scale **tax increases** would result. Despite \$1.3 billion in tax increases enacted during the session – the **largest in Maryland history** – we continue to suffer from a long-term structural deficit. The reason is the continuing large increases in State spending. Despite the economic downturn and the belt-tightening by our citizens, the Special Session produced a net increase in spending of \$128 million. **I voted against all of the tax increases** during the Special Session, **and supported the alternative budget** produced by the House Republican Caucus, which balanced the State budget by decreasing the rate of spending growth without raising taxes.

State Operating Budget: We adopted a State budget for fiscal year 2009 that is \$30.5 billion, an increase of \$1.2 billion over fiscal year 2008. One of the toughest votes that a legislator faces each session is whether to vote for or against the State budget. This year, **I voted NO**, largely because the budget is predicated upon the large tax increases enacted during the special session, especially the onerous computer services tax (see more below).

The budget was not all bad. There were some **positive aspects** of the budget, like the continuing freeze on tuition for in-state higher education students, while increasing the higher education budget by 9%; the 2% cost of living adjustment for State employees, and decreases in spending growth in several agencies. But we increased

spending by \$529 million on health care, and allowed continued funding for 4,500 vacant positions in State government. Eliminating just 900 of these positions would save the taxpayers \$45 million.

In the end, I could not justify to my constituents a \$1.2 billion spending increase during these tough times, especially with the 20% increase in the sales tax, the huge run-up in utility costs, and the sinking housing market. People are getting squeezed and government should try to live within its means.

State Capital Budget: I voted YES on the capital budget. It provides a reasonable level of funding, well within the State's debt service, to provide important funding to many worthy projects. The budget provides \$333 million in **construction and renovation projects** statewide, with at least \$31 million headed for **Baltimore County schools**. The budget also provides for more than \$107 million for **health facilities, hospitals, senior centers and juvenile detention centers**. At the end of this letter is a listing of local projects that received funding.

Computer Services Tax Repeal. The General Assembly repealed the ill-conceived and onerous tax on computer services enacted during the Special Session. I voted against the original imposition of the tax and lobbied heavily for its repeal. Unfortunately, the leadership of both houses presented us with some unpalatable choices in order to repeal this tax.

An increase in income tax rates to 6.25% (from 5.25%) for filers with gross adjusted income exceeding \$1 million was proposed as a substitute for the computer services tax. While this sounds like an easy vote – "Let's just tax those millionaires, they can afford it!" – this is very bad public policy. The top 1% of income earners contributes 28% of the tax revenue, so this segment is already contributing heavily to our quality of life. Further, almost 80% of this demographic own businesses and these are the folks who start companies, hire workers, create opportunities and contribute greatly to developing our economy. Increasing the tax burden so dramatically will drive many of them to other states, and they will take their companies and employees with them. This is exactly what happened in California when it recently raised a similar tax rate on the wealthy.

I voted for both amendments which stripped the income tax surcharge from the final bill, and substituted the tax with targeted decreases in spending. When these two amendments failed, I voted against the

final repeal bill. Substituting one bad tax for another is simply unwise fiscal policy. In the end, the computer tax was repealed but I fear it will be at great cost to the well-being of Maryland and its citizens.

Overcrowding-Towson Schools: I am working with the community, county and school board to help find a short-term solution, but most importantly, a viable long-term solution to this very serious problem. We have had several community meetings to hear from parents, teachers and interested residents, so that everyone can have some input as to what might be a viable solution for our school age children. We will continue to work together until we can hopefully come up with a plan that is mutually beneficial to all stakeholders.

Death Penalty-Repeal: A bill to repeal the death penalty was heard in the House Judiciary Committee, where I serve. There was quite a move to have this bill passed, with more than 50 sponsors on the bill. It required that if a person was found guilty of murder in the first degree, he/she must be sentenced to imprisonment for life without the possibility of parole. The Judiciary Committee did not act on the bill, since the Senate Judicial Proceedings Committee kept the bill bottled up in committee. I am not yet ready to repeal Maryland's death penalty statute, although I have increasingly ambivalent views on this highly emotional issue.

Baltimore County Public School Teachers' Salaries: These are tough times for State and local governments, and especially tough for families struggling to balance their household budgets. I am hopeful that County Executive Smith can find a way to make teachers' salary increases a priority for the FY09 budget. I am well aware that we need to keep our Baltimore County teachers' salaries comparable to other nearby counties.

Maryland Driver's Licenses for Illegal Immigrants: I strongly supported a common-sense measure, House Bill 288, which would require that all persons applying for a Maryland driver's license show evidence that they are in the country legally. This "legal presence" requirement is now standard in 44 other states. Maryland is becoming a magnet for illegal immigrants who know how easy it is to come to Maryland, obtain a driver's license, and thereby gain the key to legitimacy, including voting and other important rights. The current situation is truly a disgrace, and unfortunately, the bill was defeated.

In-state Tuition for Illegal Immigrants: On the brighter side, for the fifth consecutive year, the effort to provide in-state tuition benefits

to illegal immigrants was thwarted. This issue will be back next year, and we will continue to fight these proposals.

Flexible Leave Act: House Bill 40 would mandate Maryland businesses of all sizes to offer employees sick leave to take care of sick relatives. This bill – though well-intentioned – goes far beyond what is required under the federal Family and Medical Leave Act, and is yet another costly mandate on our small businesses. Every small business owner that I know works cooperatively and flexibly with his or her employees to offer family leave time. We should not be legislating on this issue. For this and many other reasons, I voted against this bill. However, this bill has passed the House and the Senate, and the Governor will sign it.

Energy Efficiency Bills: A large menu of bills dealing with energy conservation was proposed during the session. I supported some of these bills, and opposed others. In energy policy, we should strive to strike the right balance of encouraging conservation, increasing productive capacity and generation, and promoting affordability. The most significant proposal was House Bill 1626, introduced late in the session in response to the settlement between the State of Maryland and Constellation/BGE. The most important aspect of this bill is a one-time rebate of \$170 applied to residential bills before the end of the year, which I believe is entirely inadequate in light of the huge 85% increase in energy costs by residential BGE customers. HB 1626 essentially codifies and ratifies this increase and closes the books on any further investigation into the failed 1999 deregulation bill. I voted against this bill because I believe it's a bad deal for consumers.

Speed Cameras. A statewide bill authorizing the use of speed cameras by county governments was introduced and it was widely expected to pass easily. In the waning hours of the General Assembly session, however, the bill failed on the Senate floor. I have never been a big fan of these devices because while I do acknowledge that they can provide a deterrent to speeding, they are more often seen as a revenue-raiser for local government. I have consistently voted against them because I believe, with their use, the negatives outweigh the positives.

There are certainly many neighborhoods in the 42nd district where sentiment is high in favor of speed cameras, but I believe there are better ways to monitor and control speeding.

Global Warming: Efforts to deal with carbon emissions – though

well-meaning – were judged to be too onerous, even for this green, liberal General Assembly. The Global Warming Solutions Act would have mandated a 90% drop in emissions by 2050. The bill was watered down from a “requirement” to a “goal” but eventually never made it out committee. The death knell for the legislation was a concerted lobbying effort by local steelworkers, who correctly saw this bill as a threat to their livelihood.

Moving forward, we need to strike the right balance between environmental protection and maintaining a sound economy. This bill did not strike that balance.

Voluntary, Public Funding of Campaigns: While I have historically opposed public financing of election campaigns, I would be willing to look at a system of voluntary public financing in which candidates agree to limit their spending in exchange for a reasonable level of public funding. I believe there is too much money involved in politics, and I’m willing to look at achievable alternatives. Other states have successfully implemented public campaign financing.

In the past, the House acted on this issue but was stymied by the Senate. This year, the Senate refused to advance a bill, so the status quo remains.

BOAST tax credit bill. I strongly support the BOAST tax credit that would provide businesses with a tax credit up to 75% of their contribution to monies contributed to scholarships for both public and nonpublic school students. It is modeled on a highly successful Pennsylvania program which has enabled tens of thousand of mostly low-income students to have a quality education.

I’m encouraged that the Senate voted 30-17 in favor of the BOAST bill, but no action was taken in the House. I’m hopeful that next year, we can secure passage of this important program.

Victims of Crime-Civil Immunity: I introduced House Bill 1060, which states that a person may not be held liable for damages for a personal injury or death of an individual who enters a person’s home or business with the intent to commit a crime of violence or a burglary in the 1st, 2nd or 3rd degree. Immunity is not granted if the person acts with malice or gross negligence. This bill was heard in the House Judiciary Committee, was found favorable by the committee and passed the House Floor unanimously. The bill was then heard by the

Senate Judicial Proceedings Committee, but no vote was taken.

Local Initiatives. The Fire Museum of Maryland received a \$100,000 matching grant to upgrade its heating and air conditioning system; St. Joseph Medical Center received \$450,000 to plan, design, renovate, expand and repair the Cardiac Cath Prep and Recovery area; Irvine Nature Center was granted \$250,000 for extensive landscaping and site preparation; and the new Baltimore County Center for Maryland Agriculture was granted \$275,000 for the construction of an agricultural resource center in Hunt Valley. All of these are matching grants, where each nonprofit group must provide a commensurate level of funding in order to receive State support.

This is just a small snapshot of many of this issues we addressed. If we've missed something that's of interest to you, please contact us. Thank you for corresponding with us during the 2008 session. Should you ever have a question or concern, I invite your phone call on 410-841-3793.

Sincerely,

William J. Frank