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Joint Committee on Federal Relations
2015 Membership Roster**

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THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

Joint Committee on Federal Relations

December 15, 2015

The Honorable Thomas V. Mike Miller, Jr, Co-chairman
The Honorable Michael E. Busch, Co-chairman
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Federal Relations respectfully submits this report on its activities during the 2015 interim. Pursuant to Title 2, Subtitle 9 of the State Government Article, the committee is responsible for monitoring the effects of federal proposals on the State, reviewing interstate compacts, and generally promoting cooperation between the State and federal governments. The committee's interim activities are summarized below.

Interim Briefings

The committee met in Annapolis twice during the 2015 interim for briefings on (1) Transportation and (2) The Innovation Economy and Base Realignment and Closure (BRAC). One of the goals of the briefings was to gather information on these issues that may be relevant to federal policymaking to pass on to our congressional delegation. Accordingly, the committee sent a letter (attached) to the members of the congressional delegation following the briefings.

The transportation briefing included presenters from the Department of Legislative Services, the Maryland Department of Transportation (MDOT), the National Conference of State Legislatures (NCSL), the Metropolitan Washington Council of Governments, and the Baltimore Metropolitan Council. The topics discussed included:

- the impact of federal funding on transportation in the State;
- solvency of the Federal Highway Trust Fund and potential funding solutions;
- Metropolitan Planning Organizations and their role in transportation planning;
- updates on State transportation projects; and
- the status of the Washington Metropolitan Area Transit Authority response to safety and funding concerns.

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Members of the Legislative Policy Committee
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The Innovation Economy and BRAC briefing included presenters from the Maryland Department of Commerce (Commerce), the Maryland Technology Development Corporation (TEDCO), the University of Maryland's Clark School of Engineering, and the Johns Hopkins Technology Ventures. The topics discussed included:

- Maryland's strengths in the innovation economy (*e.g.*, federal and university research assets and a highly-educated, highly-trained workforce) and areas where the State can improve (*e.g.*, entrepreneurial activity);
- efforts of Commerce, TEDCO, and the University of Maryland and Johns Hopkins University to support and further innovation and entrepreneurship in the State;
- ways that increased federal involvement and regional collaboration could further the innovation economy in the State; and
- the impact of the 2005 BRAC in Maryland and expectations of an overall reduction in the military installation presence in the State under an anticipated BRAC no later than 2019 and potentially as early as 2017.

Interstate Compacts

Committee staff sent questionnaires to the State agencies involved and prepared summaries of the agencies' responses for review by the committee members for the following interstate compacts:

- Education Commission of the States;
- Potomac Highlands Airport Authority;
- Southern Regional Education Board;
- Interstate Wildlife Violator Compact;
- Interstate Agreement on Qualifications of Educational Personnel;
- Interstate Compact on Adoption and Medical Assistance;
- Interstate Compact on Mental Health;
- Interstate Compact on Placement of Children;
- Interstate Library Compact; and
- Nurse Multi-state Licensure Compact.

These compacts cover education policy, hiring of teachers and nurses, care for those with mental illness, cooperation between library systems, operation and maintenance of the

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Greater Cumberland Regional Airport, enforcement of wildlife resource management laws, and assistance and care for children adopted and moved out-of-state or placed out-of-state. The agencies involved with the compacts recommended Maryland's continued participation in each compact.

The committee looks forward to continuing its role as a forum for discussion of important issues in State-federal relations.

Sincerely,

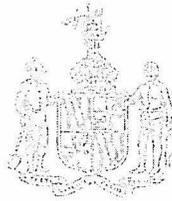
Brian J. Feldman
Senate Co-chair

Alfred C. Carr, Jr.
House Co-chair

BJF:ACC/SDK/ccz

Enclosure

cc: Mr. Warren G. Deschenaux
Ms. Lynne B. Porter



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

The Joint Committee on Federal Relations

December 3, 2015

Honorable Barbara Mikulski
Honorable Benjamin L. Cardin
Honorable Elijah E. Cummings
Honorable John Delaney
Honorable Donna F. Edwards

Honorable Andrew P. Harris
Honorable Steny Hoyer
Honorable C. A. Dutch Ruppersberger
Honorable John Sarbanes
Honorable Chris Van Hollen, Jr.

Ladies and Gentlemen:

The Joint Committee on Federal Relations of the Maryland General Assembly is responsible for, among other things, monitoring the effects of federal proposals on the State and generally promoting cooperation between the State and federal governments. During the 2015 interim, the joint committee held two briefings, one on transportation and the other on the innovation economy and Base Realignment and Closure (BRAC). We would like to pass on information from the briefings that we believe may be relevant to federal policymaking.

The transportation briefing included presenters from the Maryland Department of Legislative Services, Maryland Department of Transportation (MDOT), National Conference of State Legislatures (NCSL), Metropolitan Washington Council of Governments, and Baltimore Metropolitan Council. During the briefing, the following points were made regarding federal policy and funding with respect to transportation:

- The Federal Highway Trust Fund (HTF) currently spends more money than it takes in and is continuously faced with insolvency. The gas tax, the primary revenue source of the HTF, has not been raised from 18.4 cents per gallon since 1993 and continues to lose purchasing power. In addition, increasing fuel efficiencies of vehicles over time has increased the gap between revenues and expenditures of the HTF. If a permanent long-term funding solution for the HTF is not enacted, then temporary funding transfers will continue to be needed¹ or a reduction in funding to the states to bring spending in line with revenue. In State fiscal 2016, federal funding to Maryland for transportation amounts to \$926.3 million for capital projects, or 34.6% of the MDOT capital budget, and \$94.8 million for the operating budget, or 4.1% of the MDOT operating budget; reductions would have a substantial impact on Maryland, particularly on the capital program. In order for states to be able to

¹ There have been \$63 billion in transfers to the Highway Trust Fund since federal fiscal 2008 from the general fund and the Leaking Underground Storage Tank Trust Fund.

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move forward and plan long-term capital projects, a permanent solution to maintain solvency of the HTF is needed.

- The existing HTF revenue mechanisms include the gas tax (the primary source of revenue), heavy vehicle use tax, sales tax on trucks and trailers, and tire tax on trucks. NCSL presented 32 technically feasible revenue options to the joint committee. One solution would be to increase the gas tax, which has not been increased since 1993. Another alternative presented by NCSL, imposition of a vehicle miles traveled (VMT) fee, has been suggested by many in the transportation industry as a possible funding mechanism for the HTF. A VMT fee would charge the user for the amount they are driving on public roads. The Oregon Department of Transportation has completed two pilot programs of a state administered VMT fee and began a voluntary VMT user fee program for 5,000 vehicles on July 1, 2015. VMT pilot projects are being implemented in other states as well, indicating that it may be time for Congress to consider use of a VMT fee to help provide long-term funding certainty for the HTF.

The briefing on the innovation economy and BRAC included presenters from the Maryland Department of Commerce (Commerce), the Maryland Technology Development Corporation (TEDCO), University of Maryland's Clark School of Engineering, and Johns Hopkins Technology Ventures. During the briefing, the following points arose regarding federal policy and funding affecting Maryland's innovation economy and the impact of United States military installations in the State:

- There is room for much more to be done to facilitate the commercialization of innovative research and development (R&D) originating in federal laboratories, military facilities, and universities through entrepreneurship in this region. Maryland ranks high among states in nonindustry investment in R&D and the sophistication of its workforce (due in large part to federal and university R&D and personnel), but those resources do not translate to entrepreneurial activity and commercialization of research in the State as much as they could. State, federal, and university officials have expressed desire to engage in more initiatives in this region that involve the federal government, whether through federal funding support of entrepreneurship, or programs that facilitate commercialization of federal R&D. Existing initiatives mentioned by panelists were the National Science Foundation's (NSF) I-Corps program, aimed at commercialization of NSF funded university research; placing "entrepreneurs-in-residence" in federal agencies; and the U.S. Army Research Laboratory's open campus concept, partnering with universities to collaborate on research and promote commercialization. Commerce also noted that it is currently engaging with federal agencies to foster the transfer of research and information to the entrepreneurial community in this region.
- The availability of early stage capital as well as guidance and assistance are significant factors affecting the level of entrepreneurial activity in the region. TEDCO is a very effective resource for entrepreneurs in Maryland in those respects, but it was noted that the demand for capital, especially, is much greater than what they have available. TEDCO receives federal funding for programs, but federal programs generally exist for a limited

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duration, which is not as helpful as programs that provide an ongoing, reliable funding source. With respect to one program in particular, TEDCO mentioned the pending reauthorization of the America Competes Act (H.R. 1806, 114th Congress) and the desire for increased funding for the Regional Innovation Program first authorized under the original America Competes Act. TEDCO has benefitted from the program in the past and the overall demand for the program is much greater than past funding.

- There may be other policy or regulatory areas where the federal government can help to support the commercialization of innovative research and development. For example, Commerce described efforts of the department to work with the Food and Drug Administration to try to harmonize regulatory standards internationally in order to facilitate companies' entry into international markets, and the initial prospects for those efforts are encouraging.
- There is an expectation of another BRAC in the near future, which, unlike the State's experience with the 2005 BRAC, is anticipated to pose a risk of an overall reduction in the military installation presence in Maryland (which currently has an economic impact representing 17% of the State's economy). Maryland, as in the past, will work to speak with one voice and utilize community engagement to limit any negative impacts on the State. To the extent there are localized growth impacts and a need for infrastructure modifications associated with the next BRAC, it is hoped (as has been discussed nationally) that there will be more direct federal funding devoted toward those modifications than there was for the 2005 BRAC.

We hope you find this information pertinent to policy discussions at the federal level. Please do not hesitate to contact us if you would like to discuss these issues further.

Sincerely,

Brian J. Feldman
Senate Co-chair

Alfred C. Carr, Jr.
House Co-chair

BJF:ACC/SDK/LMV/ccz

cc: President Thomas V. Mike Miller, Jr.
Speaker Michael E. Busch