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THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401
EASTERN SHORE DELEGATION

March 5, 2021

Marc L. Nicole
Deputy Secretary
Maryland Department of Budget Management
45 Calvert St.
Annapolis, MD 21401

Dear Deputy Secretary Nicole,

Thank you for your continued commitment to the Eastern Shore throughout the budget process and for our counties that have been working to recover from the COVID-19 pandemic, and the fiscal toll it has caused.

As you know, Chapter 738 of 2016 increased the minimum disparity grant amount from 60% to 67.5% for fiscal years 2018, and 2019 for the jurisdictions with a 3.2% local income tax rate. The grant was reduced in 2017 in a formula change for FY2018. The minimum grant amount decreased from 67.5% to 63.75%; this change was devastating for the budgets for four of the nine Eastern Shore counties: Caroline, Dorchester, Wicomico and Somerset. Chapter 472 of 2018 increased the 67.5% minimum grant amount until FY2021. In order to remove the sunset provision Delegate Anderton, introduced HB 737 in 2020 that altered the enhanced State funding by permanently increasing the minimum grant amount from 67.5% to 75%.

Unfortunately for our four poorest counties, the Governor vetoed HB 737 because of a \$15 million fiscal note. During the current session, the veto was subsequently overridden by the General Assembly. Since the Administration cannot be required to fund the mandated appropriation in the current budget bill, the four Eastern Shore counties will remain forced to find a funding source or make temporary budget cuts to fund the one year gap.

To help fund major capital projects in their counties: Dorchester and Somerset Counties raised their income taxes to the maximum rate last year, and commissioners in Caroline County raised their income tax rate during an election year to pay for their first new school in 50 years. These counties have since budgeted according to the agreed upon numbers established in Chapter 472.

Adding to the hardships from the COVID-19 pandemic by cutting the disparity grant program for these poor counties will have devastating results. We know that your department, and the Governor have our best interests in mind; we hope that you will provide a solution to this problem for the upcoming budget year and include the \$15 million in a supplemental appropriation.

The Eastern Shore Delegation thanks you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Arentz". The signature is fluid and cursive, with the first name being the most prominent.

Steven J. Arentz
Chair, Eastern Shore Delegation

Cc: Andrew Cassilly
Keiffer Mitchell