

GARRETT COUNTY CHAMBER OF COMMERCE

2019 Legislative Agenda

WHO WE ARE

The Garrett County Chamber of Commerce is the largest professional business organization in the Mountain Maryland region. Our membership consists of 600 companies and organizations representing every industry in our community. The Chamber Board of Directors, elected by the membership, has adopted the following priorities and positions as our 2019 Legislative Agenda. As the voice of business, we will advocate for these priorities, monitor legislative activities of the Maryland General Assembly and keep our members informed of issues that may impact them. We ask for your support of these Chamber positions and policies and collaboration in fostering the betterment of our community and the great State of Maryland.

WHERE WE STAND

TOP PRIORITIES:

The five items below are the top priorities of the Garrett County Chamber. Details on each issue are included in the full agenda which is comprised of additional issues the chamber believes are important to our community.

- 1. Oppose Increasing the Minimum Wage (Page 1-2)**
- 2. Amend Maryland Healthcare Access Act of 2018 to Allow Maryland Small Businesses to Participate in Association Health Plans (Page 2)**
- 3. Support Additional \$2 Million Annual Allocation for State Lakes Protection and Restoration Fund (Page 6)**
- 4. Support Improvements to and Oppose Expansion of Mandated Paid Leave (Page 3)**
- 5. Support Reduced Fees & Recommended Methods for Shoreline Erosion Prevention (Page 4)**

FULL AGENDA:

The issues included in our agenda are those items that the Garrett County Chamber believes could have the biggest impact through legislative action.

BUSINESS CLIMATE

A. Oppose Increasing the Minimum Wage:

During the 2014 Legislative Session, the General Assembly passed the Maryland Minimum Wage Act of 2014 increasing the minimum wage to \$10.10/hour by July 1, 2018. The Act has not yet been fully implemented and at \$10.10/hour, Maryland's minimum wage is 39% higher than the federal minimum wage rate. Of Maryland's neighboring states, only D.C has a higher minimum wage at \$12.50/hour increasing to \$15 by 2020. Delaware, Pennsylvania, Virginia and West Virginia are all \$8.75/hour or below.

According to Mark J. Perry, PhD, of the American Enterprise Institute, government-mandated minimum wages "are always arbitrary and almost never based on any sound economic/cost-benefit analysis. In contrast market-determined wages reflect supply and demand conditions that are specific to local market conditions and vary widely by geographic region and by industry." Perry said market-determined wages result in more employment opportunities for unskilled workers, increased profits for companies, and lower prices for the consumer. Forty-five percent of minimum wage workers are aged 16-24.

60% of small-business owners say that raising the minimum wage will "hurt most small-business owners," according to a 2013 Gallup poll. San Francisco's Office of Economic Analysis said that an increase to \$15 would reduce the city's employment by about "15,270 private sector jobs."

Thomas Grennes, MA, Professor Emeritus at North Carolina State University, and Andris Strazds, MSc, Lecturer at

the Stockholm School of Economics in Riga (Latvia), stated: “the net effect of higher minimum wages would be unfavorable for impoverished households, even if there are no job losses. To the extent that some poor households also lose jobs, their net losses would be greater.”

Seth Zimmerman, PhD, Assistant Professor of Economics at the University of Chicago, stated: “minimum wage laws can lead to labor market rigidities that make it more difficult for people to move up the economic ladder. These rigidities can decrease relative mobility and... can decrease absolute upward mobility as well.”

If companies cannot afford to pay a higher minimum wage for low-skilled service employees, they will use automation to avoid hiring people in those positions altogether.

As attorney Andrew Woodman, JD, predicted in his blog for the Huffington Post, a minimum wage increase “could ultimately be the undoing of low-income service-industry jobs in the United States.”

The Garrett County Chamber opposes any additional increases in the minimum wage rate for Maryland as it will have detrimental effects on our small businesses, service industry and the impoverished in our Appalachian community.

B. Support Small Business Participation in Association Health Plans:

Small businesses must have access to affordable group health insurance plans to provide as benefits to their employees. In June of 2018, the U.S. Department of Labor published a Final Rule creating a new pathway for small businesses to participate in Association Health Plans. This Final Rule allows for small business owners, employees of small businesses, family members of working owners/employees access to more coverage options, more affordable pricing, enhanced ability to self-insure, less regulatory burden and complexity, reduced administrative costs through the participation in Association Health Plan.

Association Health Plans (AHPs) are group health plans that employer groups and associations offer to provide health coverage for their members’ employees. They allow small employers, through associations, to gain regulatory and economic advantages available to large employers. By participating, all of the employees of the members are part of the same group allowing the risk to be spread across a larger group of individuals instead of restricting the risk to just the employees of a specific business. It is common knowledge that individual health insurance premiums are lower for more lives that are covered under that plan. And the plan benefits are better.

However, Maryland is preventing this opportunity for small businesses by denying them true participation in AHPs. In Maryland, small business employees cannot be included in that larger pool prohibiting spreading the risk across a larger number of lives insured and inhibiting the business’s ability to access lower rates and better plans. In essence, the State is discriminating against small businesses and their owners, employees and family members.

During the 2018 Legislative Session, the General Assembly passed the Maryland Healthcare Access Act of 2018. That Act included language that prohibits a small business’s owners, employees and family members from being included in the pool of an AHP. This ACT must be amended to allow small businesses full participation in AHPs.

Small businesses are the backbone of our economy. It is imperative that Maryland create a climate that nurtures business growth and allows small businesses to thrive. This includes keeping the cost of doing business in check. While not required, many small businesses provide health insurance to their employees as a benefit to retain a quality of workforce. These businesses should have access to the same group health insurance options as larger businesses, enabling them to compete with businesses in neighboring states such as Virginia.

Fifteen million Americans who work for a small business or operate a sole proprietorship, and their families, lack health coverage. Four million Americans, including 400,000 who otherwise would lack insurance, will join an AHP by 2023 according to Congressional Budget Office estimates.

The Garrett County Chamber supports small business participation in Association Health Plans and requests that the Legislature amend the Maryland Healthcare Access Act of 2018 to remove language prohibiting small businesses from including their owners, employees and family as part of the larger pool of employees in an AHP.

C. Support a Pro-Business Environment in MD & Oppose Unnecessary Workplace Regulations:

Preserve the employer's right to manage its workforce and create an environment to expand and retain existing firms through less workplace regulation. For Maryland to be competitive in the global economy, we need to create a world class business climate that supports business instead of placing unnecessary regulations on employers. Regulations such as expansion of FMLA; prohibition of non-compete, conflict of interest & non-disclosure agreements; and onerous scheduling requirements are a transgression on private enterprise and will only hinder business growth. Impeding on business development will only serve to further paint Maryland as unfriendly to business and drive companies out of state. These measures are unnecessary and costly, especially for small businesses that have limited resources. Maryland state agencies should strive to be partners not hinder, and polices should be evaluated for appropriateness and use indicators to ensure laws and regulations are making positive impacts for business and Maryland's economy, not producing negative results.

D. Amend the Maryland Healthy Working Families Act without Further Expansion

HB 1, the Maryland Healthy Working Families Act, not only put a financial and workforce strain on many small businesses and non-profits in Maryland, it has wreaked havoc in their record keeping and payroll administration. Many businesses and non-profits are still struggling to the meet implementation requirements and follow required tracking and reporting protocols that are excessive and onerous. Additionally, they are now dealing with higher absenteeism and abuse of the law.

To relieve some of this burden on small businesses, while still keeping with the spirit and intent of the Maryland Healthy Working Families Act, the bill must be amended. Any expansion of the Act this bill will have devastating impacts on small businesses and further perpetuate the image of Maryland as having an anti-business environment.

The General Assembly should amend the Maryland Working Families Act to include the following:

- **Increase the minimum number of hours worked per week to 30 to keep the law consistent with the Affordable Care Act. The 12-hour threshold is extremely low and promotes a poor work ethic. The low threshold eliminates the ability to reward hard work.**
- **Exclude seasonal employees. It is not necessary to provide sick and safe leave to employees that are in a temporary position. Sick and Safe Leave should be provided to permanent employees only. Again, this promotes a strong work ethic and provides the employer the ability to reward or support those loyal, hardworking employees.**

E. Oppose Expanding Sales Tax:

Expansion of the sales tax to services or online transactions will be passed onto consumers that are still struggling to recover in a sluggish economy

The Legislature should refrain from putting more tax burdens on the residents of Maryland.

A. Reduced Fees & Recommended Methods for Protection Against Shoreline Erosion:

The onus for preventing shoreline erosion has fallen on lakeshore property owners at Deep Creek Lake even though that part of the land, known as the buffer strip, is owned by the State of Maryland. The personal property owner must pay an application fee of \$750 or more for permission to correct and prevent the shoreline erosion and is responsible for the cost of the actual work, which legitimately should be paid for by the State as the owner of the buffer strip. Additionally, the personal property owner must select a method for addressing the issue with no direction from the MD Department of Natural Resources (DNR).

The Garrett County Chamber urges the Legislature to pass a bill eliminating these application fees and directing DNR to determine three shoreline stabilization practices that may be implemented on a wetland or waterway of a state owned lake.

B. Continue County Cooperative Marketing Grant Program:

To leverage the state's investment in tourism promotion, **Maryland must continue the County Cooperative Marketing Grant program that matches some county tourism promotion.** Since FY10, Garrett County's fiscal year accommodations sales have increased 58% to over \$47 million. FY18 saw a 7% increase in county accommodations collections, a 9.3% increase in heads on beds, a 6.5% increase in admissions & amusement tax collections, a 29% increase in Visitor Guide requests and a 6.9% increase in website visitors to the county's tourism website, visitdeepcreek.com. In Garrett County, tourism accounts for 2,390 jobs and has a wage impact of \$70.9 million. This type of growth does not happen without intelligent, quality marketing and we believe much of this growth can be attributed to our aggressive strategies. We leverage the Cooperative Marketing Grant we receive from the Office of Tourism with County accommodations tax collections to enable us to fund more marketing and attract more visitors to Maryland. In FY19, Garrett County received \$73,372 through the Marketing Grant program based qualifying expenditures of \$319,000. That means that the grant is leveraged by the Garrett County DMO by more than four times the amount awarded to the county. The County Cooperative Marketing Grant is a very important tool for the counties to continue their promotion efforts to bring tourists to the state.

With the FY19 increase in funding for the Maryland Tourism Development Board and level funding for FY20, \$2,500,000 should continue to be directed to the County Cooperative Marketing Match Grant program with the goal to increase the amount to \$3 million to leverage more local funds and better assist local jurisdictions with promotion.

C. Maintain Tourism Promotion Funding:

According to the MD Office of Tourism, the Maryland visitor economy continued to expand in 2016. Visitor volumes reached 42.1 million domestic visitors in 2016. In 2016, visitors to Maryland spent \$17.7 billion on travel, a 2.1% increase. Visitor spending has grown for seven straight years, expanding by more than 35% since 2009. The tourism industry employs more than 149,000 Marylanders as the 10th largest private sector employer in the state. Employees in tourism-related jobs around the state earned \$6.3 billion in wages. Every 252 visits generate enough state and local tax revenue to fund a public school student for one year. Including indirect and induced impacts, tourism in Maryland generated \$2.4 billion in state and local taxes. Each household would need to pay an additional \$1,080 in taxes to replace the tax revenue generated by visitors.

According to the U.S. Travel Association, in the race for consumer travel dollars, the average state tourism budget amount hit a new record high in fiscal year 2016 at about \$20.1 million. The average amount that states actually spent increased 8.6 percent year-over-year to \$18.8 million.

In Maryland's regional set, the average state tourism budget is \$20 million with New York State topping the charts at \$45 million and Virginia at \$18.2 million. It is critically important that Maryland remain competitive in the tourism arena and we must continue to invest in tourism promotion.

Tourism promotion has a proven return on investment and the industry is a significant economic driver for the State. For every dollar invested in Office of Tourism Advertising, Maryland realizes \$177 in visitor spending, \$22 in state and local taxes, and \$5 in state sales tax revenue. The Comptroller's office confirmed nearly \$650 million in sales tax revenue directly attributable to tourism in FY2016.

Based on the return on investment from tourism, Maryland should continue funding tourism promotion at the same level as FY19 to remain competitive and generate additional revenues for the State.

D. Continue Funding for Heritage Areas Program:

Garrett County averages 1.2 million visitors per year resulting in an economic impact of \$347 million. Since FY2004, 757 heritage projects have been funded within Maryland's certified heritage areas with \$104 million in non-state investment leveraged year-to-date. Heritage Areas generate \$19.8 million in state and local taxes, and have created 3,146 jobs. According to budget analysts, the ratio of return on investment is \$4.45 for every \$1 in heritage area grants. The Heritage Areas program is allocated up to \$6 million per year in the budget. For the FY19 grant cycle, MHAA received 165 requests for \$7.2 million in funding and just under \$5 million was awarded.

We appreciate the State's commitment to the Heritage Tourism program and request the program continue to be funded at the maximum allowed by law - \$6,000,000 per year – for continued growth of Heritage Tourism investment and revenues.

E. Support Mountain Maryland Recreational Trails:

The Garrett County Chamber supports the continuing efforts of Garrett Trails towards the completion of the Eastern Continental Divide Loop Trail (ECDLT). This 150-mile long trail will connect to The Great Allegheny Passage (GAP) enhancing the experience for the estimated 800,000 annual visitors to the GAP. Trips to the GAP generate more than \$40 million per year and \$7.5 million in annual wages.

The ECDLT is being constructed in phases. This 14-mile-long trail (one-way) runs along the crest of Meadow Mountain following the Eastern Continental Divide in some areas and is a crucial piece to the ECDLT.

The Garrett County Chamber supports Garrett Trails request for funding the following projects to work towards completion of the Eastern Continental Divide Loop Trail:

- **On Meadow Mountain Trail, the portion from Otto Lane to New Germany Rd is an additional \$234,492.85 allowing bicyclists to access the trail from I-68 to Route 495 – a 15-mile bike ride crucial to the completion of the ECDLT system.**
- **Increase recreational staff for the rugged 55,000-acre Savage River State Forest and 11,461-acre Potomac-Garrett State Forest in Garrett County, Maryland. Savage River State Forest is the largest State Forest in the state of Maryland. They are extremely understaffed.**
- **\$100,000 for a trail feasibility study regarding Friendsville, MD connection to connect to Selbysport, Maryland.**

F. Level the Playing Field for all Travel Booking Companies

Businesses that are handling bookings and reservations for lodging in Maryland should be bound by the same regulations and tax structures as those similar businesses located in Maryland. Online Travel Companies (OTCs) should not receive an unfair advantage by not paying local and state taxes or complying with local and state regulations. Additionally, OTCs should not be allowed to circumvent the process by entering into special

agreements with the State of Maryland or local jurisdictions as a means to develop a special set of rules for the OTCs.

The Garrett County Chamber urges the Legislature to enact legislation, in cooperation with local jurisdictions that have existing regulations and tax structures applicable to OTCs, which requires OTCs to be bound by the same regulations and pay the same local and state taxes.

ECONOMIC & COMMUNITY DEVELOPMENT

A. Allocate Additional Funding to the State Lakes Protection and Restoration Fund:

The state of Maryland owns 16 lakes, with Deep Creek Lake in Garrett County being the largest. It is an economic engine, helping to generate an economic impact of \$347 million annually. The property tax revenue from the Deep Creek Lake watershed accounts for nearly 60% of County revenue. It is imperative for the County and the State to make every effort to maintain Deep Creek Lake as a premier natural recreational and economic resource for property owners and visitors. Deep Creek Lake is now 94 years old and as happens with any man-made lake, it is experiencing issues with aquatic invasive species (AIS), sediment accumulation, shoreline erosion and threats to water quality and conditions. The County and the State have been working together for many years to maintain the health of the lake and have even created a Deep Creek Watershed Management Plan. However, the State is the owner of Deep Creek Lake and 15 other lakes throughout Maryland. As the owner of these lakes, the State must allocate funding for protection programs, restoration and remediation projects to sustain these important natural resources for future generations. During the 2018 session of the General Assembly, the Legislature approved the annual allocation of \$1 million to the State Lakes Protection and Restoration Fund for the next three years. This amount is grossly inadequate for the State to uphold its responsibilities to all 16 lakes. As an example, it costs DNR \$215,000 annually for treatment of hydrilla just in Deep Creek Lake. Hydrilla is an AIS that is highly threatening to a lake and extensive treatment is needed to prevent the AIS from taking over a lake and rendering it useless.

The General Assembly must allocate an additional \$2 million annually (\$3 million total) to the State Lakes Protection and Restoration Fund and eliminate the three-year sunset as many of these projects are multi-year projects with multi-phase implementation.

B. Support Alternative Funding for Business Start-up & Expansion:

Traditional lending has decreased dramatically due stringent lending regulations. Therefore, businesses are in need of alternative funding for the ability to start and grow. Crowd Funding and Angel Investors are two sources that have proven successful in funding start-up and expanding businesses. However, Maryland needlessly limits the potential of both of these funding sources by capping the investment amount and/or not incenting individual investors.

To foster business growth and development in Maryland, especially in no-growth communities, the Legislature should increase the cap on the Crowd Funding total to \$500,000 and the individual investment amount to \$2,500, and implement the Angel Investor Tax Credit.

EDUCATION

A. Support Community Colleges:

Community colleges remain the most affordable post-secondary option in Maryland's system of higher education. Garrett College kept its FY19 service-region tuition increase below 2%, reflecting GC's emphasis on remaining affordable while allowing the College to qualify for a one-time state grant tied to a 2% cap on service-region tuition increases. Even so, the cost of attending a community college has risen steadily over the past decade, in part due to the regular rebasing of the Cade Formula that determines annual state community college aid.

It is critical that Garrett College and its sister institutions remain affordable, but that is increasingly difficult to achieve. Maryland community colleges had an estimated loss of state community college funding of over \$110

EDUCATION CONTINUED...

million through various reductions and rescissions since FY08. The Maryland Association of Community Colleges is asking that the General Assembly expedite the full funding of Cade (tied to 29% of the funding at selected four-year institutions) to the 15 Cade-funded community colleges and full funding of the Baltimore City Community College funding formula (68.5% of the funding at selected four-year institutions) in the FY20 budget. MACC also seeks to make permanent the state affordability grant that was part of the FY19 budget.

The Garrett County Chamber of Commerce and Garrett College support the MACC request to expedite the Cade Formula for the 15 Cade-funded community colleges to its full statutory intent of 29% in FY20. The Garrett County Chamber of Commerce and Garrett College also seek to have this year's affordability grant rolled into the Community College Base Appropriation.

B. Support Equity in Funding for Garrett County Public Schools:

The Chamber and the Garrett County Board of Education support restoring the inflation factor and adjusting funding formulae that take into account the reality of both growing and declining school systems, the percent of students who qualify for Free and Reduced---Price Meals (FARMS), the needs of special education students, transportation costs, the age of schools, and the wealth of the local county.

The current funding formula also continues to impact the school systems' ability to fund capital projects. Maryland's current funding formula for education that is based on county wealth takes into consideration our property tax base, but not per capita income. Some states include a student poverty factor which recognizes that students in poverty may require additional support. Such a factor could help Garrett County schools with the wide disparity in our wealth formula status and per capita income. Other states provide increased funding for smaller school districts and take into account district sparsity. The funding for capital projects should take into consideration these other factors as well.

The Maryland Legislature must revise the funding formulae for Maryland public schools to provide a more equitable distribution of the funds and to provide the necessary funding levels for districts that are declining or growing and where the district is inaccurately depicted as wealthy.

C. Teacher Retirement Supplemental Grants for Maryland Public Schools

When pension costs were shifted to the LEAs, some counties received supplemental disparity grants to help pay for the increased Maintenance of Effort.

The Chamber, along with the Boards of Education of Allegany and Garrett Counties, supports the continuance of these supplemental disparity grants to county governments.

HEALTHCARE

A. Support Access to Behavioral Health Facilities:

Garrett County healthcare providers need the ability to send behavioral health patients to inpatient facilities in nearby West Virginia for services. Currently, the state's Medicaid and Medicare programs will not cover out-of-state placements. Very serious problems are created via this policy:

1. There are not enough inpatient beds within the state to meet the need, and it is worse in Western Maryland. While WMHS has a small inpatient facility in Allegany County, Allegany County is overwhelmed with the number of placements they need themselves. The same can be said of Washington County.
2. As a result, often people in Garrett County needing an inpatient placement end up back home because no bed can be found. This exacerbates the behavioral health problem and leads to a cycle of crisis and, too often, self-medication through substance abuse.
3. If a bed is found it is often downstate. Families in Garrett County face lengthy travel times to see the loved one receiving care due to the severe lack of inpatient facilities in Western Maryland.

HEALTHCARE CONTINUED....

Allowing placement of Medicaid and Medicare patients at facilities in West Virginia would solve these very serious problems. Garrett Regional Medical Center is affiliated with West Virginia University Medicine. Placing area patients at WVU's Chestnut Ridge Behavioral Health Center, an hour's drive from Oakland, would vastly improve access to behavioral health care for Garrett County residents.

The General Assembly should support legislation allowing Maryland Medicaid and Medicare programs to cover Maryland patients that must seek treatment from nearby out-of-state behavioral health facilities.

INFRASTRUCTURE

A. Support Full Restoration of Highway User Fees to Local Jurisdictions by 2022:

In 2013, the Maryland General Assembly enacted legislation that instituted a sales tax on gasoline therefore increasing the amount of revenue generated through the gas tax. The residents of rural areas tend to spend more on motor vehicle gas due to greater driving distances and Garrett County has an abundance of roadway here. Our residents are receiving no benefit from this tax increase. According to MACo, the cumulative loss of local roadway investment has topped \$2 billion – compromising roadway safety and betraying taxpayer expectations. Municipalities in rural areas sustained significant impacts from the elimination of Highway User fees. For the Town of Loch Lynn Heights in Garrett County, this meant going from \$100,000 in highway user revenues to \$0. In 2014, a very small portion was reallocated to the municipalities. For Loch Lynn, that reallocation totaled less than \$4,000. Governor Hogan has included in his budget a phased restoration of the highway user fees to municipalities.

The Legislature should support the full phased restoration of highway user fees in the FY20-FY22 budgets.

B. Support the North/South Highway:

The completion of the North/South Highway in Garrett and Allegany Counties is Mountain Maryland's highest transportation priority and has been championed by Senator Cardin in the U.S. Senate, as well as Governor Hogan. With the adoption of the Federal Transportation Reauthorization Legislation and Maryland's State Transportation Revenue Enhancement Legislation, Maryland has taken the lead once again in their commitment to this project.

We strongly urge the state to continue working with Pennsylvania and West Virginia to expedite the process for completing the US-219 and US-220 legs of this project.