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Lawmakers describe treasury that's tapped out

State's legislators expect budget woes to continue into next year

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OCEAN CITY -- Lower Shore legislators say they expect Maryland's budget woes to continue into the next legislative session.

"When the General Assembly reconvenes for this next session, it's going to have monumental budget challenges. Are we going to be able to sustain what we had in place when we get to 2012?" said Del. Norman Conway, chair of the House Appropriations Committee and a 22-year District 38B veteran.

State delegates Conway, Jim Mathias, Page Elmore and state Sen. Lowell Stoltzfus addressed more than 100 area business leaders and elected officials at a meeting of the Ocean City Economic Development Committee at the Carousel Hotel. How to handle the gap between revenue and spending was the main topic of discussion.

As a result of the state's structural deficit, Gov. Martin O'Malley recently announced more than \$750 million in budget cuts. Those cuts will leave many local governments that count on state funds for their own budgets in the lurch. For instance, Ocean City will lose \$825,297 -- about 1 percent of their total budget -- for the current fiscal year, said Mayor Rick Meehan.

Elmore, a Republican, said the state's lack of revenue is mostly a result of the current economic recession. But he also said revenue troubles could be traced to 1998, when former Gov. Parris N. Glendening cut the state's income tax by 10 percent -- a campaign strategy to best Republican gubernatorial challenger Ellen Sauerbrey, he said.

"Think about how much money's been taken away from the state of Maryland since 1998," he said. "So what do we have? Just more of the same. A high revenue estimate we cannot meet."

Elmore predicted a deficit of more than \$1.2 billion by the time lawmakers return to Annapolis in January, to plot to 2011 budget. He also suggested auditing every state-funded program to judge whether it was deserving of funding.

Stoltzfus said Maryland was recently ranked by the Cato Institute think tank as being in the bottom five among business-friendly states. When asked what Maryland could do to reverse that evaluation, Stoltzfus spoke to concerns that government holds too much sway over citizens.

The five-term Republican senator will step down at the end of his current term. "You see, I'm not running again, so I can say what I think," he told the audience.

"We need to get away from the philosophy that more government is going to solve our problems," Stoltzfus said. "Is government going to be effective in growing the economy, or is private enterprise and the entrepreneur going to be effective?"

"Number one, you don't overtax them. Number two, you don't regulate them so heavily that they can't function -- and unfortunately, that's what we've got today. That's the solution, in my opinion. That's historically what has worked, that's what will work again. You get off the back of the productive

entrepreneur and you'll see this country grow again," he said, to a chorus of cheers and applause.

Mathias eschewed the gloom and doom, instead embracing rosier talking points. He reminded the crowd that their state tax dollars go toward top-ranked public schools, as reviewed by Education Week magazine, and to highly-regarded hospitals and emergency medical care.

Conway famously has a chart on an easel in his office that shows the disparity between outgoing spending and incoming revenue. He said it's the first thing he runs past the more than 700 people who typically visit him during the legislative session, asking for funding.

"One of the things we have to do, and it's very difficult to do when you have so many advocacy groups, is to get everybody on the same page and recognize the reality of the situation," Conway said. "I thought maybe with the charts, we could get a little different perception, so ultimately it could become reality."

Conway, a Democrat, also offered an idea to amend the state Constitution to give more power to state legislators during budget time, citing examples of how much can change between the start of a budget proposal and its final passage.

"The governor starts when one budget is passed and starts immediately on the next," he said. "Instead of having such a strong executive budget, I really do believe the legislature should have opportunities not to change his appropriations, but maybe to move things around -- which we do not have now. At least try to work out some kind of compromise where the legislature could be greater involved other than just reducing or cutting the budget."

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