

# REPUBLICAN RESPONSE TO GOVERNOR MARTIN O'MALLEY'S STATE OF THE STATE ADDRESS

*Senate Minority Leader David Brinkley*

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Hello, I am David Brinkley, the Senate Minority Leader, and I have the honor and privilege to represent the citizens of the Fourth Legislative District in Carroll and Frederick Counties.

Governor O'Malley just delivered his final State of the State Address. As you heard, he's very proud of his accomplishments as he considers a run for President of the United States in 2016.

But there have been consequences to the policies established during the past eight years. Not all of those consequences are positive, and today I will address the reality of what Maryland's families and communities are facing.

First, Governor O'Malley and Lieutenant Governor Anthony Brown had hoped their crowning achievement would be Maryland's implementation of the Affordable Care Act, or Obamacare. Instead, it is the model of governmental and bureaucratic malpractice. Additional information is coming out about the colossal failure of this initiative every day. We still do not know how many Maryland families have been harmed by this failure because they couldn't obtain coverage or lost the coverage they previously had.

This weekend we learned that over a thousand people had their Medicaid packets and identifying information mailed to the wrong address—a major violation of privacy rights. Maryland, with all its resources and political support, was supposed to be the model for the successful implementation of health care reform. Instead, the O'Malley/Brown Administration has let Maryland become the model for how not to do this.

Lieutenant Governor Brown, at a Finance Committee hearing last week, and in his role as head of the implementation workgroup, was given the opportunity to apologize to the people of Maryland, but he just couldn't let the words pass his lips. Even though I didn't vote for the Health Exchange two years ago, I do believe that the public rightfully expects the government to fulfill its promise. It obviously didn't, and for that, and on behalf of the State, I apologize to the families harmed in this rollout.

Back in December and again last week I asked for an investigation by the Joint Legislative Policy Committee that can compel testimony and hire technical consultants to find out who knew what about this rollout, when they knew it, and what we can do to ensure that it doesn't happen again. Others have since joined my call, but to no avail. I find it odd, and I'm sure you do too, that this administration won't even respond to the inquiries of Representative John Delaney, a Democratic member of Congress from Maryland.

There are similar troubling consequences to the O'Malley/Brown administration's budget and tax policy over the last eight years. The Governor touts that he has reduced spending by \$9 billion. But the reality is this: his first budget was just over \$29.5 billion; the budget he submitted to the Legislature last week is nearly \$39.5 billion. Now, maybe it's my public school math, but that's an increase of about \$10 billion, not a reduction as the Governor claims. In fact, that's almost 33% more spending over the course of their two terms.

Lest Marylanders forget, tax money is your money. The Governor's true legacy, and what the Lieutenant Governor has to defend as he seeks the Governorship, are all the tax increases over their tenure. Republicans through alternative budget proposals pleaded for tax relief for middle-class families. Instead, Marylanders got:

- A 20% increase of the sales tax,
- A gas tax increase and the imposition of the sales tax on motor fuel sales,
- Income tax increases,
- Increased tolls,
- Higher vehicle registrations, and the list goes on and on

And, of course, who can forget the new—and unique to Maryland—Rain Tax? One economist joked that, since the days of Pharaoh, shoguns, emperors, kings, queens, and dictators have all tried to discover a way to tax the rain; but by God we did it in Maryland! The Texas Governor even commented that in Texas, they pray for rain, but in Maryland, we tax it.

Over forty tax, toll, and fee increases in all, principally on the backs of lower and middle income Marylanders. Why principally them? Because many who have the means, and by that I mean money, can choose to leave for greener pastures in Delaware, Virginia, Pennsylvania, the Carolinas, and Florida.

Fortunately, and I give them credit when it's due, there is recognition among legislative leaders that some Marylanders are leaving the State because of our high tax burden. Those leaders are now getting on board with Estate Tax reform, which Republicans and conservative Democrats have been advocating for years, and are proposing a re-coupling of Maryland's Estate Tax exclusion to mirror the federal government—and every state south of us.

Moving on to the truth about jobs for Maryland families: Maryland is both blessed and cursed by our proximity to, and dependence on, the federal government. We reap the benefits of all those jobs for some Maryland residents, but we're also subject to the whim of the Federal Government if there's sequestration or even an entire shutdown like we witnessed last fall. Financial advisors remind their clients of the importance of diversifying their portfolio. Maryland has to learn this lesson by not depending too much on Federal largesse.

True economic security rests in the private sector for income and, hopefully, wealth creation. I'm not taking away from the benefits of having so many Federal employees, but let's hope the lesson of the recent federal cutbacks is not lost on Maryland's future leaders.

The problem is that the current economic policies in Annapolis are truly hostile to the private sector. Mom-and-pop retail establishments in Western Maryland, Southern Maryland, the Eastern Shore, and even in the metropolitan areas of Baltimore, Prince George's, and Montgomery Counties, have all suffered under this Administration. Your plumber comes from the private sector. Your heating and air conditioning technician does too. Add to the list automobile retailer and service personnel, construction and demolition. The list goes on and on.

They are Maryland families. And business owners are the risk-takers who provide that bit of opportunity for those workers and their families. I hope that these people are successful. We should all hope that they're successful so they can hire more people who want to care for themselves and their families. That's who I'm talking about, and day after day, more and more of them are asking "Why am I doing this here in Maryland?"

These harmful policies in Annapolis make it cheaper and easier to purchase products and services across state borders. Now, we're going to start the debate on a minimum wage increase. A novel way to approach this is to acknowledge that it's actually an entry-level wage. No one can be expected to remain at this entry-level wage for very long—nor should they. But increasing its threshold will raise the lowest rung of the career entry ladder and allow fewer positions for summer, holiday, or entry level workers.

And don't forget the ripple effect. Hourly workers above that threshold will look for their increase too. Are we guaranteeing an income increase for the risk taker? No, we're not. But if I, as the business owner, only have so much to allocate to payroll and I wish to remain in business, two things are going to happen: fewer people will be on my payroll and I will look long and hard at automating what parts of my operation I can, perhaps putting even more less-skilled employees out of work. Aren't we seeing that already with self checkout at grocery stores and retail outlets? Do you remember that we once had full service gas stations?

Some people think raising this wage is a good idea. I submit that, if it is, then it should occur at the federal level so that we don't put Maryland employers at yet another disadvantage when hiring or bidding on projects when compared to other firms in nearby Virginia, Pennsylvania, West Virginia, or Delaware.

This attitude toward business in Maryland is exemplified by our poor rankings for business. That is why over the past eight years we have gone from thirteen Fortune 500 companies headquartered in Maryland to three. That's a 77% decrease.

Over the same period of time, Republicans have argued for a better business climate in Maryland. We have advocated for tax relief for hard-working Maryland families. We've also introduced alternative budgets with real reductions to government spending to make Maryland better for business and families.

Now, the Governor and I agree on one major thing: Maryland is a great state. We are positioned to make tremendous strides with our universities, our commitment to education is second to none, and amazing opportunities in biotech and cyber-security lie in front of us. But a thriving private sector and the jobs it creates for Maryland families is our pathway to that future.

To the next Governor, whoever he or she may be: seize that opportunity to create great jobs for Maryland families. Lighten the load on Maryland employers and job creators. Let's foster these opportunities for all of our children and grandchildren.

Thank you.