



THE COMMITTEE OF 100

FYI

July 10, 2018

Dover Wrap-Up 2018

Take the Money and Run

The sun was well up on the morning of Sunday, July 1 by the time the 149th General Assembly adjourned. After a last-minute partisan tiff, it wound up being a typical election year session – short on risk-taking and long on messaging for the base.

Job #1 was to avoid a repeat of last year's budget meltdown in which they missed the adjournment deadline. The task was made easier by the extra revenue available this year from a combination of last year's tax increases and the one-time effects of the Federal tax cut legislation on state filings. So, far from having to make any spending cuts, the operating budget grew by 4% to \$4.27 billion. It might have grown by twice that amount but for the leadership of the Governor to redirect excess dollars to one-time investments. The cuts made to the Grant-In-Aid bill last year were fully restored and over \$200 million in cash was added to the Bond Bill, resulting in a healthy \$816 million capital program.

State workers were major beneficiaries of the increased spending, gaining 12 weeks of paid parental leave, a raise, and a one-time pay bonus.

A lot of legislative time was devoted to election year base messaging. A slew of gun control measures was introduced and debated at length, but most were ultimately watered down or rejected. Marijuana legalization was a presence during the entire session only to be defeated in the final days. Increasing the minimum wage is a base-pleaser for the Democrats, but they couldn't muster enough votes in the Senate until a compromise was reached on giving relief to the casinos. Then, using their majorities in both houses, Democrats steamrolled a 2-year \$1 increase through on the night of June 30th. Republicans, also heeding their base, cried foul and responded by withholding votes for the Bond Bill. After 6 hours of negotiation through the night, Republicans won a 50-cent wage deduction from the minimum wage for young and newly-hired workers, Democrats got their minimum wage increase, the Bond Bill passed, and everyone headed for home.

Brownfields Rescue

The Committee of 100 took the lead on a campaign to preserve the Brownfields Grant Program, which has faced an uncertain future due to declining funding. Working in conjunction with the State Chamber of Commerce and the Associated Builders and Contractors (ABC), The Committee of 100's successful effort involved passage of legislation to stabilize the Hazardous Substance Clean-up Act (HSCA) fund as well as getting \$3 million in one-time cash in the Bond Bill for HSCA, of which \$1 million will go to the Brownfields program.

The HSCA Fund is supported by a dedicated surcharge on the wholesale tax on petroleum products. In recent years a precipitous decline in the price of crude oil has reduced HSCA tax income dramatically. As a result, the Brownfields Grant Program, one component of HSCA, has been cut from its normal annual funding of \$5 million down to just \$1 million. The lack of funding raised concerns that the program could collapse.

The Committee of 100 drafted legislation, [HB 451](#), that creates an adjustable rate, allowing the HSCA tax to rise or fall depending upon the price of oil, maintaining a more stable level of revenue. The bill also sets aside 1/3 of total HSCA funding for the Brownfields Grant Program. A draft of the legislation was shared with the Joint Sunset Committee which was reviewing HSCA this year. The committee adopted the concept as one of their recommendations and agreed to sponsor the bill. HB 451 passed the House unanimously and cleared the Senate on June 30 by the minimum 3/5 vote of 13-8.

Stormwater Bill Passes

As reported in the June FYI newsletter. [SB 204](#), supported by The Committee of 100 and sponsored by Senator Hocker (R-Ocean View), passed the Senate by a large margin. As expected, the bill passed the House unanimously and is awaiting the Governor's signature. SB 204 will lower the impervious surface requirements to 15% for redevelopment projects under The Sediment and Stormwater Regulations, making such projects more attractive investments. It also creates a simplified public process for approving changes to guidance materials used by the stormwater program.

With the passage of SB 204, the Stormwater Regulatory Advisory Committee, on which The Committee of 100 sits, wrapped up its two-year re-write of the regulations, which will now go to DNREC Secretary Garvin for approval and publication later this summer. A public comment period and hearing will be held this fall. Final adoption of the new regulations is expected late this year or early in 2019.

Rough Sledding for Budget Smoothing

For those who believe that having stable state finances is important to economic development, the biggest disappointment of the session was the demise of the Constitutional amendment to begin implementation of a new fiscal process recommended by two DEFAC task forces. The Committee of 100 was a leading advocate for the new system, dubbed Budget Smoothing, testifying in committee and writing an [Op Ed](#) in support.

Democratic Governor John Carney and Republican Treasurer Ken Simpler spent a year working jointly behind the scenes to bring the two parties together on a new way of budgeting in hopes of ending the roller coaster of budgetary feast and famine that has hobbled the state in recent years. A new budget stabilization process was proposed, tying state spending to metrics of actual economic growth. In the end, though, the budget smoothing legislation was killed at the end of the Session by Democratic legislators who saw the change as threatening spending that benefits their political base and refused to bring it up for a vote.

The Governor's response was to issue an [Executive Order](#) instructing DEFAC and Executive agencies to establish and adhere to the benchmarks and appropriation limits called for in the new system. And although the General Assembly will not be bound by the limits set in the Executive Order, the intention is to educate legislators and the public on how the system would work and convince them it is a better way to run the government.

The final budget bills followed the Governor's lead and dedicated extra one-time revenues not to on-going operating expenses, but to one-time capital expenses. The result was a budget and Bond Bill with a higher level of commitment to long-term investments such as school construction, the Wilmington education initiative, and increased funding for water infrastructure. It is exactly this bias toward *investment*, rather than *spending* that makes the proposed budget smoothing process so important.



Paul H. Morrill, Jr.
Executive Director

Concord Pike (US 202) Corridor Master Plan Information Session

New Castle County Department of Land Use, DelDOT, and WILMAPCO are beginning a Master Plan for the Concord Pike (US 202) Corridor, encompassing an area between the City of Wilmington and the Pennsylvania state line. The Master Plan will provide a 20-year vision that identifies cohesive land use and transportation strategies to ensure that Concord Pike will continue to be a safe, accessible, and economically thriving place for all.

A public information session will be held on Wednesday, July 25, 2018 from 6:00 - 8:00 p.m. at the Talleyville Fire Company, 3919 Concord Pike in Wilmington. [Click here](#) for more details.

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