

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 810

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Van Hollen” and substitute “Van Hollen, Middleton, and Munson”; in line 2, strike the second “Teacher”; in line 3, strike “Salary” and substitute “Funding”; in lines 5 and 6 and line 7, in each instance, strike “local education agencies” and substitute “county boards of education under certain circumstances”; in line 8, strike “Education” and substitute “Schools”; in line 9, after the second “the” insert “State”; in line 11, after the first semicolon insert “establishing a transitional education fund to be used for a certain purpose; requiring that certain reimbursements for retirement contributions be credited to the fund; providing that certain fund balances remain in the fund for a certain period; providing for the termination of the fund; providing that certain property granted certain tax credits or exemptions for certain purposes may not be treated as taxable personal property for purposes of calculating the payment of certain State aid; updating certain statutory provisions; altering the dates by which certain counties are required to submit certain information to the Department of Assessments and Taxation; requiring certain counties that grant certain tax credits or exemptions for certain personal property to submit certain information to the Department of Assessments and Taxation by certain dates; requiring the Governor to include certain appropriations in the State budget for certain fiscal years for certain education purposes.”; in line 12, after “of” insert “part of”; in lines 12 and 13, strike “education grants to local education agencies” and substitute “State aid for public education in the State”; and after line 18, insert:

“BY repealing and reenacting, with amendments,

Article - Tax - Property

Section 7-225, 9-201, 9-205, and 9-302(i)

Annotated Code of Maryland

(1994 Replacement Volume and 1999 Supplement)” .

AMENDMENT NO. 2

(Over)

On page 1, in line 25, strike "AN" and substitute "A PERCENTAGE"; in line 26, strike "SALARY SCHEDULES" and substitute "SALARIES THAT APPLIES TO ALL EMPLOYEES, AMONG ALL GRADES AND STEPS, EMPLOYED BY A COUNTY BOARD".

On page 2, in line 1, strike "ADJUSTMENTS" and substitute "ADJUSTMENT"; in the same line, after "INCLUDE" insert "SALARY"; in line 2, after "INCREMENTS," insert "OR"; in the same line, strike "AND" and substitute "OR"; strike beginning with "CERTIFICATED" in line 11 down through "AGENCY" in line 12 and substitute "TEACHERS EMPLOYED BY A COUNTY BOARD"; after line 15 insert:

"(6) "TEACHER" MEANS ANY CERTIFICATED PROFESSIONAL PUBLIC SCHOOL EMPLOYEE WHO IS NOT AN ADMINISTRATOR.";

in line 16, strike "(6)" and substitute "(7)"; in the same line, strike "INDICATED" and substitute "STATED"; in line 18, strike "(7)" and substitute "(8)"; in line 22, strike "LOCAL EDUCATION AGENCIES" and substitute "COUNTY BOARDS"; and in lines 25 and 34, in each instance, strike "LOCAL EDUCATION AGENCY" and substitute "COUNTY BOARD".

AMENDMENT NO. 3

On page 2, in line 25, strike "MAY" and substitute "SHALL"; in line 28, after "COMPONENT;" insert "AND"; strike in their entirety lines 29 and 30, inclusive, and substitute:

"(III) A TARGETED COMPONENT.";

and in line 34, strike the period and substitute "; AND".

On pages 2 and 3, strike beginning with the comma in line 35 on page 2 through "2001" in line 2 on page 3 and substitute ":

1. IF THE COUNTY BOARD MEETS THE LOCAL MATCH REQUIREMENT ESTABLISHED UNDER SUBSECTION (F)(2) OF THIS SECTION IN FISCAL YEAR 2001 AND MEETS THE LOCAL MATCH REQUIREMENT FOR FISCAL YEAR 2002, MULTIPLY THE TEACHER SALARY BASE FOR THE COUNTY BOARD BY 0.02;

2. IF THE COUNTY BOARD DOES NOT MEET THE LOCAL MATCH REQUIREMENT ESTABLISHED UNDER SUBSECTION (F)(2) OF THIS SECTION IN FISCAL YEAR 2001 AND MEETS THE LOCAL MATCH REQUIREMENT IN FISCAL YEAR 2002, MULTIPLY THE TEACHER SALARY BASE FOR THE COUNTY BOARD BY 0.01; AND

3. IF THE COUNTY BOARD MEETS THE LOCAL MATCH REQUIREMENT ESTABLISHED UNDER SUBSECTION (F)(2) OF THIS SECTION IN FISCAL YEAR 2001 AND DOES NOT MEET THE LOCAL MATCH REQUIREMENT IN FISCAL YEAR 2002, MULTIPLY THE TEACHER SALARY BASE FOR THE COUNTY BOARD BY 0.01”.

AMENDMENT NO. 4

On page 3, in lines 13, 15 and 16, 19 and 20, and 28 and 29, in each instance, strike “LOCAL EDUCATION AGENCY” and substitute “COUNTY BOARD”; in line 3, after “(3)” insert “FOR EACH FISCAL YEAR, ”; strike in their entirety lines 5 through 10, inclusive, and substitute:

“(I) MULTIPLY THE PERCENTAGE COMPONENT FOR THE COUNTY BOARD BY 2; AND”;

in line 11, strike “FOR EACH FISCAL YEAR,”; in lines 16 and 20, in each instance, strike “THEN”; strike in their entirety lines 21 through 27, inclusive; in line 28, strike “(6)” and substitute “(5) (I)”; strike beginning with “DISTRESSED” in line 29 down through “IF:” in line 31 and substitute “TARGETED COMPONENT AS PROVIDED IN SUBPARAGRAPHS (II) THROUGH (V) OF THIS PARAGRAPH.”; and strike in their entirety lines 32 through 38, inclusive, and substitute:

“(II) FOR FISCAL YEAR 2001, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF AT LEAST \$5,300,000 FOR THE TARGETED COMPONENT.

(III) FOR FISCAL YEAR 2002, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF AT LEAST \$10,600,000 FOR THE TARGETED COMPONENT.

(IV) THE COUNTY BOARD IN EACH COUNTY THAT HAS A

WEALTH PER PUPIL THAT IS LESS THAN 75 PERCENT OF THE STATEWIDE WEALTH PER PUPIL SHALL RECEIVE A PROPORTIONATE SHARE OF THE TARGETED COMPONENT THAT IS EQUAL TO THE COUNTY BOARD'S PROPORTIONATE SHARE OF THE TOTAL FULL-TIME EQUIVALENT ENROLLMENT FOR ALL COUNTIES WITH A WEALTH PER PUPIL THAT IS LESS THAN 75 PERCENT OF THE STATEWIDE WEALTH PER PUPIL.

(V) A COUNTY BOARD SHALL RECEIVE ITS PROPORTIONATE SHARE OF THE TARGETED COMPONENT REGARDLESS OF WHETHER IT MEETS THE LOCAL MATCH REQUIREMENT ESTABLISHED UNDER SUBSECTION (F)(2) OF THIS SECTION.

AMENDMENT NO. 5

On page 4, in line 2, strike "LOCAL EDUCATION AGENCY SHALL" and substitute "COUNTY BOARD MAY"; in line 4, after "SUPERINTENDENT" insert "FOR THE PERCENTAGE COMPONENT AND THE WEALTH ADJUSTED COMPONENT OF THE GOVERNOR'S TEACHER SALARY CHALLENGE PROGRAM"; in lines 6 and 7, and 19, in each instance, strike "LOCAL EDUCATION AGENCY" and substitute "COUNTY BOARD"; in line 6, strike "IN" and substitute "FOR"; strike beginning with the first "THE" in line 8 down through "YEAR" in line 9 and substitute "FOR THE NEXT FISCAL YEAR, THE NEGOTIATED AND FUNDED COST OF LIVING ADJUSTMENT FOR TEACHERS AND THE AGGREGATE COST OF NEGOTIATED AND FUNDED CHANGES TO THE TEACHER SALARY SCHEDULES"; and in line 18, after "(1)" insert "THE PERCENTAGE COMPONENT AND THE WEALTH ADJUSTED COMPONENT OF".

AMENDMENT NO. 6

On page 4, strike in their entirety lines 22 through 28, inclusive, and substitute:

"(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH AND PARAGRAPH (3) OF THIS SUBSECTION, A COUNTY BOARD THAT PROVIDES A NEGOTIATED AND FUNDED COST OF LIVING INCREASE FOR TEACHERS OF AT LEAST 4% OR A NEGOTIATED AND FUNDED ADJUSTMENT TO THE TEACHER SALARY SCHEDULES THAT HAS AN AGGREGATE COST THAT IS AT LEAST EQUIVALENT TO THE COST OF PROVIDING A 4% COST OF LIVING ADJUSTMENT FOR TEACHERS SHALL

QUALIFY FOR THE PERCENTAGE COMPONENT AND THE WEALTH ADJUSTED COMPONENT OF THE GOVERNOR'S TEACHER SALARY CHALLENGE PROGRAM.

(II) THE FUNDS PROVIDED BY A COUNTY BOARD FOR THE PURPOSE OF MEETING THE LOCAL MATCH REQUIREMENT ESTABLISHED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE:

1. IN ADDITION TO ANY PREVIOUSLY NEGOTIATED AND FUNDED STEP INCREASES AND STIPENDS; AND

2. OBTAINED FROM SOURCES OTHER THAN THE PERCENTAGE COMPONENT OF THE GOVERNOR'S TEACHER SALARY CHALLENGE PROGRAM.

(3) IF A COUNTY BOARD MEETS THE LOCAL MATCH REQUIREMENT ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION IN FISCAL YEAR 2001 AND DOES NOT MEET THE LOCAL MATCH REQUIREMENT IN FISCAL YEAR 2002, THE COUNTY BOARD SHALL RECEIVE:

(I) A PERCENTAGE COMPONENT IN FISCAL YEAR 2002 AS PROVIDED UNDER SUBSECTION (D)(2)(II)3 OF THIS SECTION; AND

(II) A WEALTH ADJUSTED COMPONENT IN FISCAL YEAR 2002 AS PROVIDED UNDER SUBSECTION (D)(3) OF THIS SECTION.”;

and in line 29, strike “(3)” and substitute “(4)”.

AMENDMENT NO. 7

On page 4, strike beginning with the colon in line 30 down through “(I)” in line 31; and strike beginning with the semicolon in line 32 down through “2000” in line 36.

AMENDMENT NO. 8

(Over)

On page 5, after line 3, insert:

“(I) (1) THERE IS A TRANSITIONAL EDUCATION FUND.

(2) THE FUND CONSISTS OF ALL REIMBURSEMENTS RECEIVED BY THE STATE FROM THE COUNTY BOARDS THAT:

(I) ARE FOR RETIREMENT CONTRIBUTIONS MADE AFTER JUNE 30, 2000 BUT BEFORE JULY 1, 2002; AND

(II) ARE SOUGHT BY THE STATE ON THE BASIS THAT THE SALARY OF AN ELIGIBLE MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR TEACHERS' PENSION SYSTEM IS PAID IN PART OR IN WHOLE FROM:

1. STATE AID, WHETHER GENERAL OR CATEGORICAL IN NATURE; OR

2. FEDERAL FUNDS, WHETHER THE FUNDS ARE PAID DIRECTLY TO A LOCAL SCHOOL SYSTEM OR ARE PASSED THROUGH FROM A UNIT OF STATE GOVERNMENT.

(3) NOTWITHSTANDING § 5-203(D) OF THIS SUBTITLE, ALL REIMBURSEMENTS DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL BE CREDITED TO THE FUND.

(4) (I) THE STATE TREASURER SHALL HOLD THE FUND AND INVEST THE MONEY IN THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(II) ALL INTEREST EARNED ON THE FUND SHALL ACCRUE TO THE GENERAL FUND.

(III) THE STATE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(5) THE FUND SHALL BE USED TO IMPLEMENT THE GOVERNOR'S TEACHER SALARY CHALLENGE PROGRAM ESTABLISHED UNDER THIS SECTION.

(6) EXPENDITURES FROM THE FUND MAY ONLY BE MADE PURSUANT TO AN APPROPRIATION APPROVED BY THE GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET OR BY APPROVED BUDGET AMENDMENT.

(7) EXCEPT AS PROVIDED IN PARAGRAPH (8) OF THIS SUBSECTION, ANY FUND BALANCE AT THE END OF EACH FISCAL YEAR SHALL REMAIN IN THE FUND AND MAY NOT REVERT TO THE GENERAL FUND.

(8) THE FUND SHALL TERMINATE AT THE END OF JUNE 30, 2002 AND ANY FUND BALANCE THAT REMAINS AT THE END OF JUNE 30, 2002 SHALL REVERT TO THE GENERAL FUND.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Tax - Property

7-225.

(a) Except as provided in § 7-109 of this title and in subsection (b) of this section, if used in manufacturing, the following personal property, however operated and whether or not in use, is not subject to property tax:

- (1) tools;
- (2) implements;
- (3) machinery; or
- (4) manufacturing apparatus or engines.

(Over)

(b) Except as provided by § 7-108 of this title, the personal property listed in subsection (a) of this section is subject to a county property tax on:

(1) 100% of its assessment in [Allegany County,] Garrett County, Somerset County, Wicomico County, and Worcester County; and

(2) [60%] 75% of its assessment in [Dorchester] ALLEGANY County.

(c) Property does not qualify for the exemption under this section if the property is used primarily in administration, management, sales, storage, shipping, receiving, or any other nonmanufacturing activity.

(d) In order to qualify for the exemption under this section, a person claiming the exemption must apply for and be granted the exemption by the Department.

9-201.

(a) In this section, “property tax credit” means a property tax credit OR EXEMPTION that is granted under § 9-205 or § 9-209 of this subtitle or Subtitle 3 of this title.

(b) Annually on or before [December] OCTOBER 31, the Mayor and City Council of Baltimore City or each governing body that grants a property tax credit shall submit to the Department on the form that the Department provides THE FOLLOWING INFORMATION FOR THE CURRENT TAXABLE YEAR:

(1) the total value of all property tax credits granted;

(2) an itemized list of all of the property tax credits granted for real property; and

(3) an itemized list of the property tax credits granted for personal property.

(c) The Mayor and City Council of Baltimore City or each governing body that grants a property tax credit shall:



(1) in the same manner as the assessment roll, make available for public inspection bound copies of the form required by subsection (b) of this section; and

(2) identify clearly on the tax roll the properties that are granted a property tax credit under this section.

9-205.

(a) The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may grant, by law, a property tax credit under this section against the county or municipal corporation property tax imposed on part or all of the property of any manufacturing, fabricating, or assembling facility that:

(1) locates in the county or municipal corporation;

(2) expands in the county or municipal corporation; or

(3) develops a new product or industrial process.

(b) A property tax credit under this section may be granted on up to 100% of the county or municipal corporation property tax against the property described in subsection (a) of this section.

(c) A property tax credit granted under this section may be granted for the period of years from the date of completion of a new facility or expansion of a facility that the Mayor and City Council of Baltimore City or the appropriate governing body determines.

(d) The Mayor and City Council of Baltimore City or the appropriate governing body may:

(1) adopt regulations necessary to carry out this section; and

(2) provide any other restriction or condition considered desirable.

(Over)

(e) The Mayor and City Council of Baltimore City or each governing body shall designate the administrative unit or official to administer the property tax credit granted under this section.

(f) When a tax bill is sent to a taxpayer who may be eligible for a property tax credit under this section, the Mayor and City Council of Baltimore City or the appropriate governing body shall give notice of the property tax credit under this section to the taxpayer.

(g) (1) A taxpayer must apply to receive a tax credit under this section.

(2) Except in Frederick County, if a taxpayer fails to apply for a property tax credit under this section on or before October 1 of each taxable year, the property tax credit may not be granted.

(3) In Frederick County, a taxpayer may apply for a property tax credit under this section on or before October 1 of the taxable year, and the property tax credit received shall continue from year to year until the property is conveyed.

(4) A taxpayer shall state under oath that the facts in the application are true.

(h) Each governing body that grants a property tax credit under this section shall submit to the Department a copy of the law granting the credit.

(I) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, TO THE EXTENT THAT A COUNTY GRANTS A TAX CREDIT UNDER THIS SECTION FOR MANUFACTURING PERSONAL PROPERTY DESCRIBED IN § 7-225 OF THIS ARTICLE, THE PROPERTY MAY NOT BE TREATED AS TAXABLE PROPERTY FOR THE PURPOSE OF COMPUTING ANY PAYMENTS OF STATE AID TO EDUCATION UNDER § 5-202 OF THE EDUCATION ARTICLE OR OTHER PAYMENTS OF STATE AID TO COUNTIES OR MUNICIPAL CORPORATIONS THAT BY LAW ARE BASED ON THE ASSESSMENT OF PROPERTY.

(2) PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY TO ANY

MANUFACTURING PERSONAL PROPERTY UNLESS THE COUNTY THAT GRANTS A TAX CREDIT UNDER THIS SECTION FOR THE PROPERTY SUBMITS TO THE DEPARTMENT, ON OR BEFORE OCTOBER 31 OF THE TAXABLE YEAR FOR WHICH THE CREDIT IS GRANTED:

(I) THE INFORMATION REQUIRED UNDER § 9-201(B) OF THIS SUBTITLE REGARDING THE TAX CREDIT; AND

(II) AN ITEMIZED LIST OF THE PROPERTY TAX CREDITS GRANTED FOR PROPERTY.

9-302.

(i) (1) The governing body of Allegany County may grant a county property tax credit or exemption for machinery and equipment used in manufacturing, assembling, processing, or refining products for sale or in the generation of electricity and may define, fix, or limit the amount, terms, scope, and duration of any credit or exemption provided for or affirmed under this subsection.

(2) TO THE EXTENT THAT A TAX CREDIT OR EXEMPTION IS GRANTED UNDER THIS SUBSECTION FOR MACHINERY AND EQUIPMENT USED IN MANUFACTURING, ASSEMBLING, PROCESSING, OR REFINING PRODUCTS FOR SALE, THE PROPERTY MAY NOT BE TREATED AS TAXABLE PERSONAL PROPERTY FOR THE PURPOSE OF COMPUTING ANY PAYMENTS OF STATE AID TO EDUCATION UNDER § 5-202 OF THE EDUCATION ARTICLE OR OTHER PAYMENTS OF STATE AID TO COUNTIES OR MUNICIPAL CORPORATIONS THAT BY LAW ARE BASED ON THE ASSESSMENT OF PROPERTY.

(3) TO THE EXTENT THAT A TAX CREDIT OR EXEMPTION IS GRANTED UNDER THIS SUBSECTION FOR MACHINERY AND EQUIPMENT THAT IS USED IN THE GENERATION OF ELECTRICITY FOR A FACILITY THAT STARTED GENERATING ELECTRICITY PRIOR TO JUNE 1, 2000, THE PROPERTY MAY NOT BE TREATED AS TAXABLE PERSONAL PROPERTY FOR THE PURPOSE OF COMPUTING ANY PAYMENTS OF STATE AID TO EDUCATION UNDER § 5-202 OF THE EDUCATION ARTICLE OR

(Over)

OTHER PAYMENTS OF STATE AID TO COUNTIES OR MUNICIPAL CORPORATIONS THAT BY LAW ARE BASED ON THE ASSESSMENT OF PROPERTY.

(4) PARAGRAPHS (2) AND (3) OF THIS SUBSECTION DO NOT APPLY TO ANY PERSONAL PROPERTY UNLESS ALLEGANY COUNTY SUBMITS TO THE DEPARTMENT, ON OR BEFORE OCTOBER 31 OF THE TAXABLE YEAR FOR WHICH THE TAX CREDIT OR EXEMPTION FOR THE PROPERTY IS GRANTED, THE INFORMATION REQUIRED UNDER § 9-201(B) OF THIS TITLE REGARDING THE TAX CREDIT OR EXEMPTION.

SECTION 3. AND BE IT FURTHER ENACTED, That, on or before June 1, 2000, each county that for the taxable year ending June 30, 2000, has granted a tax credit under § 9-205 of the Tax - Property Article for manufacturing personal property described in § 7-225 of the Tax - Property Article or has granted a tax credit or exemption for personal property under § 9-302(i) of the Tax - Property Article shall submit to the Department of Assessments and Taxation the information for the current taxable year required under § 9-201(b) of the Tax - Property Article regarding the tax credit or exemption and an itemized list of any property tax credits granted under § 9-205 of the Tax - Property Article for manufacturing personal property described in § 7-225 of the Tax - Property Article. For the fiscal year that begins July 1, 2000, the provisions of §§ 9-205(i) and 9-302(i)(2) of the Tax - Property Article as enacted under Section 2 of this Act do not apply to any property unless the county that grants a tax credit or exemption for that property submits the information required under this section to the Department of Assessments and Taxation on or before June 1, 2000.

SECTION 4. AND BE IT FURTHER ENACTED, That the Governor shall include in the State budget for each of fiscal years 2001 and 2002 an appropriation of at least \$8,000,000 to meet the State's existing legal obligations for educational funding and avoid future litigation.

SECTION 5. AND BE IT FURTHER ENACTED, That, notwithstanding § 7-317(d) and (g) of the State Finance and Procurement Article, in fiscal year 2001, the Cigarette Restitution Fund established under § 7-317 of the State Finance and Procurement Article may be used to fund the implementation of: (i) the Governor's Teacher Salary Challenge Program established under § 5-213 of the Education Article; and (2) Section 4 of this Act. In fiscal year 2001, the Governor may transfer funds by budget amendment from the Cigarette Restitution Fund to the Transitional

Education Fund created under this Act as necessary to fund the Governor's Teacher Salary Challenge Program in fiscal year 2001."

AMENDMENT NO. 9

On page 5, in line 4, strike "2." and substitute "6."; in line 5, strike "It" and substitute "Section 1 of this Act"; and in line 6, after the third comma insert "Section 1 of".