F1 5lr2329 CF HB 65

By: Senator Reilly

AN ACT concerning

Introduced and read first time: February 3, 2015

Assigned to: Budget and Taxation

## A BILL ENTITLED

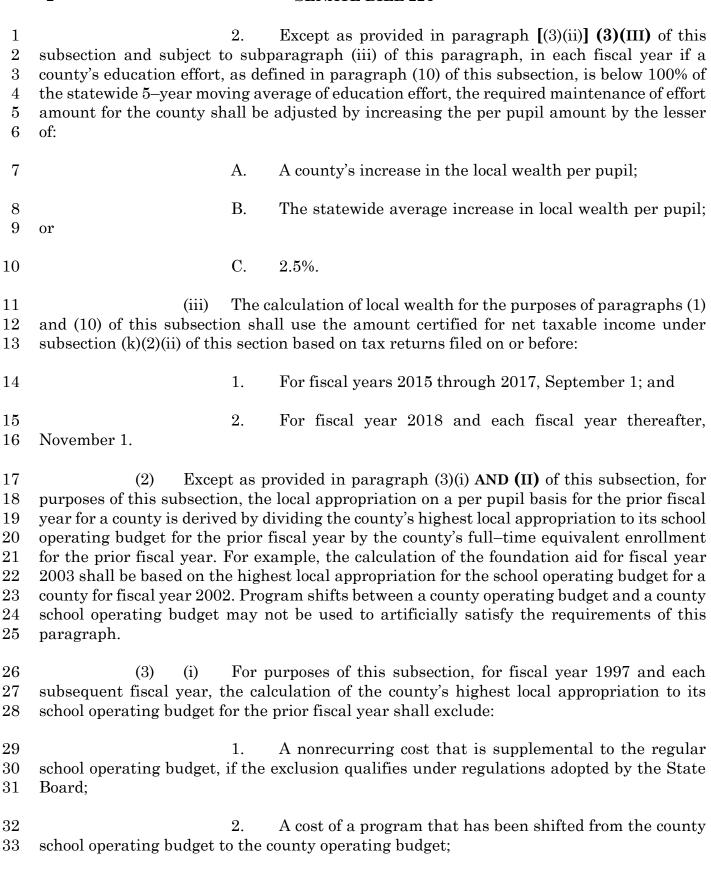
2 Education – Maintenance of Effort – Lease Payment Exclusion

- FOR the purpose of authorizing certain county governing bodies to exclude certain lease payments made by a county board of education from the maintenance of effort
- 5 calculation under certain circumstances; providing for the application of this Act;
- and generally relating to maintenance of effort funding.
- 7 BY repealing and reenacting, with amendments,
- 8 Article Education
- 9 Section 5-202(d)(1) through (3)
- 10 Annotated Code of Maryland
- 11 (2014 Replacement Volume and 2014 Supplement)
- 12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND.
- 13 That the Laws of Maryland read as follows:
- 14 Article Education
- 15 5–202.

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- 16 (d) (1) (i) Subject to § 5–213.1 of this subtitle, the county governing body
- 17 shall levy and appropriate an annual tax sufficient to provide an amount of revenue for
- 18 elementary and secondary public education purposes equal to the local share of the
- 19 foundation program.
- 20 (ii) 1. Except as provided in subsubparagraph 2 of this
- 21 subparagraph and subject to § 5-213 of this subtitle, the county governing body shall
- 22 appropriate local funds to the school operating budget in an amount no less than the
- 23 product of the county's full-time equivalent enrollment for the current fiscal year and the
- 24 local appropriation on a per pupil basis for the prior fiscal year.





The cost of debt service incurred for school construction

35 projects; and

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1	4. For a county that shifts the recurring costs associated with
2	providing retiree health benefits for current retirees to the county board, any reduction in
3	those retiree health costs from the amount the county was required to appropriate in the
4	previous year.

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- (II) 1. FOR PURPOSES OF THIS SUBSECTION, FOR FISCAL YEAR 2016 AND EACH SUBSEQUENT FISCAL YEAR, IN CALCULATING THE COUNTY'S HIGHEST LOCAL APPROPRIATION TO ITS SCHOOL OPERATING BUDGET FOR THE PRIOR FISCAL YEAR, A COUNTY GOVERNING BODY MAY EXCLUDE LEASE PAYMENTS MADE BY THE COUNTY BOARD IN ACCORDANCE WITH §§ 4–114(C)(1) AND 4–126 OF THIS ARTICLE IN EXCESS OF THE MAINTENANCE OF EFFORT CALCULATION.
- 2. THE COUNTY GOVERNING BODY MUST IDENTIFY A
  LEASE PAYMENT DESCRIBED IN SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH AS
  BEING EXCLUDED FROM THE MAINTENANCE OF EFFORT CALCULATION AT THE TIME
  OF THE INITIAL EXECUTION OF THE LEASE CONTRACT.
- [(ii)] (III) For purposes of the adjustment required under paragraph (1)(ii)2 of this subsection, a county that dedicates to public school construction any additional State funds received from recurring retiree health costs shifted to the county board may exclude those retiree health costs from the highest local appropriation on a per pupil basis.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any leases entered into before the effective date of this Act.
- SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2015.