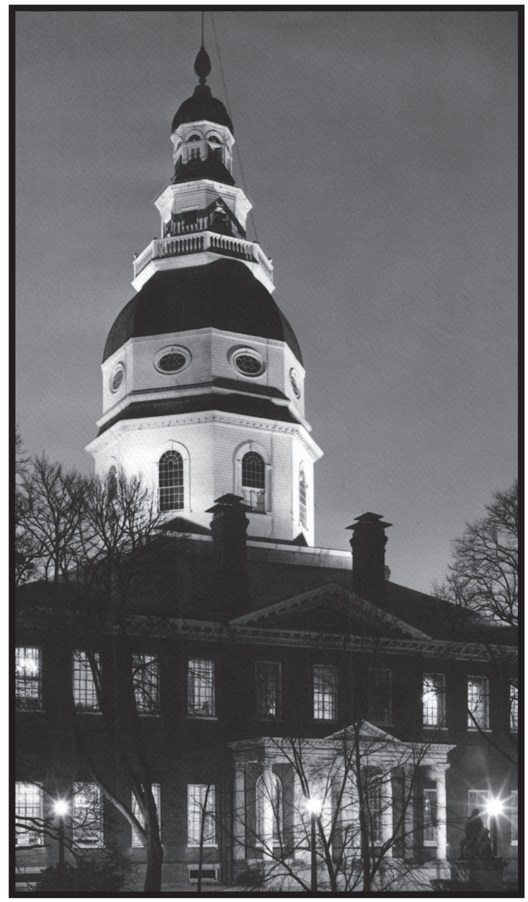
THE 90 DAY REPORT

A Review of the 2016 Legislative Session



Department *of* Legislative Services

MARYLAND GENERAL ASSEMBLY

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Department of Legislative Services
Office of the Executive Director
Maryland General Assembly

Warren G. Deschenaux
Executive Director

April 14, 2016

The Honorable Thomas V. Mike Miller, Jr., President of the Senate
The Honorable Michael E. Busch, Speaker of the House of Delegates
The Honorable Members of the General Assembly

Ladies and Gentlemen:

I am pleased to present you with *The 90 Day Report – A Review of the 2016 Legislative Session.*

Once again *The 90 Day Report* consists of a single volume. The report is divided into 12 parts, each dealing with a major policy area. Each part contains a discussion of the majority of bills passed in that policy area, including comparisons with previous sessions and current law, background information, as well as a discussion of significant bills that did not pass. Information relating to the operating budget, capital budget, and aid to local governments is found in Part A.

I hope that you will find *The 90 Day Report* as helpful this year as you have in the past. The *Effect of the 2016 Legislative Program on the Financial Condition of the State* will be issued after the Governor has taken final action on all bills.

Sincerely,

Warren G. Deschenaux
Executive Director

WGD/mpd

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Operating Budget

Overview

The State's fiscal posture showed marked improvement over prior years. Stronger revenue growth, coupled with favorable spending trends, yielded the first projected general fund structural surplus since fiscal 2006. An improved economy and stock market led to stronger than expected income tax attainment, at the same time that significant declines were realized in Medicaid enrollment and utilization. After accounting for spending shortfalls, the General Fund is projected to close fiscal 2016 with over $550 million in fund balance.

The Governor introduced a fiscal 2017 budget that funded all mandated spending and increased the balance in the Rainy Day Fund. As part of his fiscal plan, the Governor proposed legislation to phase-in limited tax and fee relief over five years. At the 2016 session, the legislature passed elements of the Governor's plan along with other legislation that reflected legislative priorities. The fiscal 2017 budget grows by 4.9%, to $42.2 billion, and final action on the budget leaves an estimated general fund cash balance of $364.6 million at the end of fiscal 2017, in addition to $1.0 billion in the Rainy Day Fund. The legislature also met all of the recommendations of the Spending Affordability Committee (SAC). While the near-term cash position is favorable, the out-year forecast shows that structural deficits are expected to return by fiscal 2018, because ongoing spending outpaces ongoing revenue growth. By fiscal 2021, this imbalance is estimated to exceed $500 million.

Budget in Brief

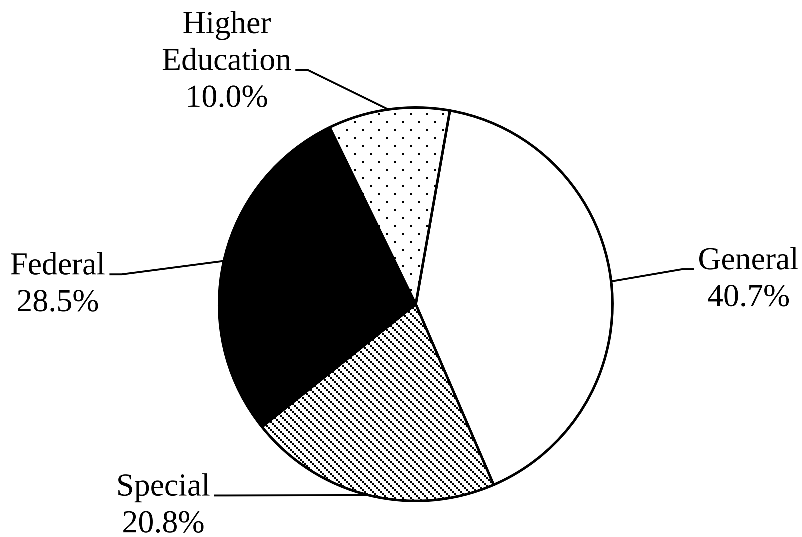
The Fiscal Year 2017 Budget Bill, ***Senate Bill 190 (enacted)***, provides $42.2 billion in appropriations for fiscal 2017 – an increase of $2.0 billion (4.9%) above fiscal 2016. **Exhibit A-1.1** illustrates funding by type of revenue. General fund spending accounts for 40.7% of the total budget. Federal funds support 28.5% of all spending. Special funds constitute 20.8% of the budget, and higher education revenue provides the remaining 10.0%. State agency operations constitute the largest area of spending, representing 41.2% of the total budget. Entitlements account for 27.5% of the budget, and 19.9% is provided as aid to local governments. Remaining appropriations fund pay-as-you-go (PAYGO) capital spending, debt service on State general obligation (GO) bonds, and transfers to the State Reserve Fund.

General fund appropriations increase by $965.7 million, or 5.9%, over the fiscal 2016 working appropriation. The most significant general fund growth is within the Medicaid program, which increases by $295.2 million, or 11.2%. This increase is attributable to less reliance on special fund revenue sources and the first year of State support for Medicaid expansion under the Affordable Care Act (ACA). State aid to local jurisdictions for education and library services increases by $123.2 million, reflecting full funding of the Geographic Cost of Education Index (GCEI) and increased funding for teacher retirement and other statutory education funding formulas. Debt service on GO bonds requires an increase of $30.6 million. Additional general funds are provided in fiscal 2017 to fund employee increments ($85.3 million), improve hiring within the Department of State Police (DSP), fund provider rate increases, and support projects and programs funded through PAYGO capital appropriations. The legislature restricted nearly $80.0 million within the Rainy Day Fund appropriation for the purpose of funding legislative priorities. This includes $42.9 million to pay for capital projects and $19.0 million to help the school systems absorb the additional cost of teacher retirement. Other priorities include lead remediation in the homes of Medicaid-eligible children, funding for the food supplement program, evaluation and management rates for physicians and psychiatrists, and smaller miscellaneous programmatic funding.

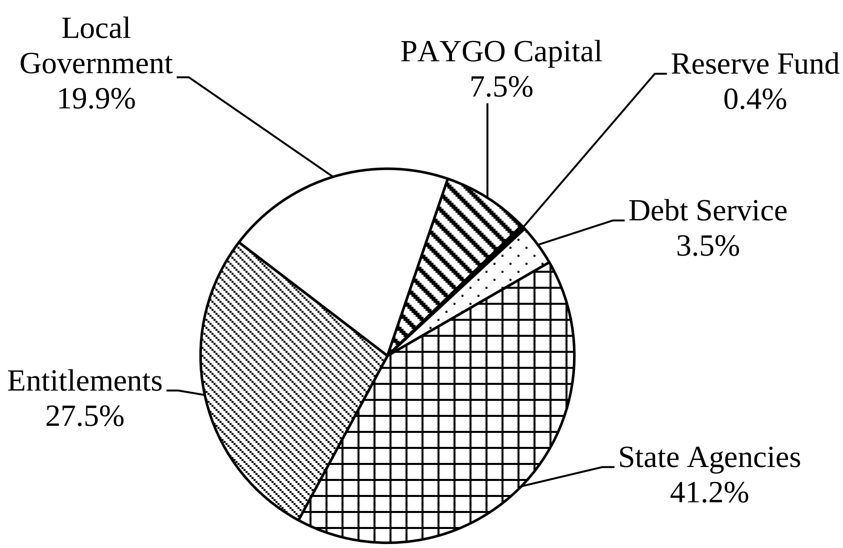
Fiscal 2017 special fund appropriations total nearly $8.8 billion, which reflects an increase of $394.8 million, or 4.7%, over the fiscal 2016 working appropriation. About one-third of the increase is related to transportation and environmental capital projects funded with PAYGO. The Maryland Department of Transportation (MDOT) receives a special fund increase of approximately $146.8 million, primarily to fund debt service and major projects within the State Highway Administration. Additional funding is included in the Department of Natural Resources (DNR) for Program Open Space and to provide an additional $13.7 million to the Chesapeake Bay 2010 Trust Fund for pollution reduction projects. The PAYGO capital appropriation for the Maryland Department of the Environment reflects an additional $16.2 million to fund new one-time energy-water infrastructure projects. Significant special fund growth also occurs within the Maryland Health Benefit Exchange (MHBE), Education Trust Fund revenues dedicated to primary and secondary education, and video lottery terminal revenues used to fund local impact grants. These increases are offset by the elimination of funding for the Maryland Health Insurance Program, which has discontinued plan coverage as a result of the ACA, and a significant reduction in special funds available for the Medicaid program.

Exhibit A-1.1
Maryland's $42.2 Billion Fiscal 2017 Budget

Where It Comes From: Budget by Fund Source



Where It Goes: Budget by Purpose



PAYGO: pay-as-you-go

Federal fund spending increases by $541.7 million, or 4.7%, in fiscal 2017. Additional funding for major capital projects overseen by the Maryland Transit Administration, such as the Purple Line light rail project and the procurement of new buses, accounts for nearly 60.0% of the increase. The next largest increase is in the Medicaid program, with the growth mainly attributable to increases in provider rates in fiscal 2017. Federal funds passed through to local school systems, primarily for food services programs and to fund education resources for low-income students, grow by $92.7 million, or 8.6%, based on changes in enrollment. The budget also includes an additional $24.2 million in federal Victim of Crime Act grant funding to be allocated by the Governor's Office of Crime Control and Prevention to support services for crime victims. These increases are offset by a $28.5 million reduction in federal PAYGO funding for capital projects within the Military Department, based on project needs, and a $13.4 million decrease for MHBE due to lower operating costs and the end of federal establishment grant funding used to support information technology development.

The fiscal 2017 budget includes $5.7 billion for State colleges and universities, an increase of $119.4 million, or 2.1%, above the fiscal 2016 working appropriation. Of the increase, $37.6 million, or 31.5%, is from general funds and includes funds to hold in-state, undergraduate tuition growth to 2.0%. Formula aid to community colleges increases by $11.6 million in fiscal 2017 to $234.4 million. Aid to private colleges and universities grows $8.0 million, or nearly 19.0%, due to the scheduled formula increase and increasing State support to the public four-year institutions.

With respect to personnel, the size of the regular State workforce decreases by 0.7%, or 543 positions, to 80,331 regular positions in fiscal 2017. This reflects an across-the-board abolition of 657 positions and $25.0 million, per Section 20 of the fiscal 2017 budget bill. There is no funding for a general salary increase for most employees, although full merit increases are funded. Law enforcement officers receive retroactive merit increases, and in fiscal 2017, they will receive both a general salary increase and merit increases. For a more detailed discussion of personnel issues, see the subpart "Personnel" within Part A of this *90 Day Report*.

Framing the Session: 2015 Interim Activity

Fiscal 2015 closed with a balance of $320.4 million, approximately $268.0 million more than expected. General fund revenues were $214.0 million higher, largely due to higher personal income taxes. Additional agency reversions contributed another $53.7 million. Positive news continued into the fall as the Board of Revenue Estimates (BRE) revised fiscal 2016 revenue estimates upward by a combined $112.0 million at its meetings in September and December 2015. As a result, structural surpluses were projected in both fiscal 2016 and 2017 for the first time since fiscal 2006.

SAC Recommendations

SAC prepared its final report to the Governor in December 2015. Better than expected revenue attainment from the fiscal 2015 closeout, along with upward revenue revisions by BRE in September 2015, erased the structural general fund deficit, which existed since fiscal 2007. After five straight years of recommendations aimed at reducing the structural deficit, the committee opted to transition back to the traditional recommendation based on a growth limit relative to spending at the prior legislative session.

Spending Limit: The committee recommended that the fiscal 2017 general fund budget maintain structural balance and that appropriations subject to the spending affordability limit be limited to growth of no greater than 4.85% over those approved at the 2015 session.

State Reserve Fund: SAC recommended that the balance of the Rainy Day Fund should be maintained at or above $1 billion unless otherwise provided by an action of the General Assembly.

General Fund Balance: Because the margin for maintaining structural balance was thin, the committee recommended a minimum general fund closing balance of at least $100 million for fiscal 2017. Based on the expectation that the cash balance could be higher, SAC further recommended that the cash balance could be increased above the $100 million threshold or be applied to one-time investments that will enhance the long-term financial condition of the State, or address the State's infrastructure needs while minimizing future debt service expense. This could include PAYGO capital projects included in the 2015 *Capital Improvement Program*, particularly those that are ineligible for tax-exempt financing, or replenishment of the Catastrophic Event Fund.

Personnel: The committee recommended that the current complement of 80,831 regular positions was appropriate for the delivery of State services given the fiscal condition of the State. It was recommended that any additional positions necessary for new activities or facilities be accommodated within the current overall level.

Governor's Spending Plan as Introduced

For fiscal 2016, the Governor proposed $195.8 million of deficiency appropriations. The estimated closing fund balance of $502.4 million relied on an unprecedented level of targeted reversions totaling $303.7 million. For fiscal 2017, the Administration proposed $42.3 billion in total spending, reflecting a $2.0 billion (4.9%) increase over the revised fiscal 2016 spending plan, of which $848.3 million was general funds. The Governor's proposed budget also assumed a tax and fee relief plan that proposed to reduce general fund revenues in fiscal 2017 by $23.2 million.

The budget, as introduced, was $100.3 million below the 4.85% spending limit set by SAC. The net impact of the Administration's spending plan resulted in an estimated fiscal 2017 general fund balance of $449.5 million and a structural surplus of $185.0 million, after accounting for the proposed revenue actions. **Exhibit A-1.2** details the Governor's original general fund spending plan for fiscal 2016 and 2017.

Exhibit A-1.2
Governor's Original Budget Plan
Fiscal 2016-2017
($ in Millions)

	2016	2017
Opening Balance	**$320.4**	**$502.4**
Board of Revenue Estimates Revenues	$16,435.3	$17,081.9
Additional Revenues	21.9	-7.0
Transfers	4.5	0.0
Subtotal	***$16,461.7***	***$17,074.9***
Appropriations/Across-the-board Cuts/Deficiencies	$16,613.3	$17,159.3
Targeted Reversions	-303.7	-1.4
Reversions	-30.0	-30.0
Subtotal	***$16,279.6***	***$17,127.9***
Closing Balance	**$502.4**	**$449.5**

Source: Maryland Budget Highlights, Fiscal 2017

Fiscal 2016 Assumptions

Reversions: Assumed fiscal 2016 general fund reversions totaled $333.7 million, including $30.0 million in unspecified reversions and $303.7 million in specific reversions. Targeted reversions included:

- $207.1 million from Medicaid surpluses in fiscal 2015 and 2016 due to favorable trends in pharmacy rebates, underutilization of programs, and declining enrollment;
- $85.9 million in unspent fiscal 2016 withheld appropriations, including funding for the GCEI ($68.1 million) and the Prince George's County Hospital ($15.0 million);
- $6.4 million in the Department of Human Resources (DHR) due to favorable foster care and other out-of-home placement trends;
- $3.0 million in unspent prior year funds for information technology (IT) upgrades in the Department of Juvenile Services;

- $1.0 million in unspent State aid for out-of-county education placements and the Maryland Library for the Blind; and

- $0.3 million from the consolidation of IT and human resources support services among various State agencies.

Revenue Assumptions: The Governor's budget assumed $3.6 million in additional general fund revenue in fiscal 2016 available from the Maryland State Department of Education (MSDE) reversion of federal indirect costs per Statewide Cost Allocation Plan requirements.

Fiscal 2017 Assumptions

Across-the-board Reductions: The allowance included an across-the-board reduction of 657 regular positions from within the Executive Branch and an associated savings of $20.0 million in general funds and $5.0 million in special funds. An additional across-the-board action reduced funding for overbudgeted health insurance by $17.5 million.

Reversions: General fund reversions of $31.4 million were assumed in fiscal 2017, consisting of $30.0 million in unspecified reversions and $1.4 million in targeted reversions. The targeted reversions were assumed health insurance reductions for the Judicial and Legislative branches, consistent with the across-the-board action taken from executive agencies.

Revenue Assumptions: The Administration's fiscal 2017 spending plan assumed a net loss of $24.1 million in general fund revenue, requiring enactment of three pieces of legislation. Approximately $15.5 million in additional general fund revenue, generated from increased spending on lottery advertisements and $3.6 million from MSDE's reversion of federal indirect cost recovery funding, is offset by $43.2 million in proposed revenue reductions. The budget-related legislation introduced by the Administration included:

- ***House Bill 462 (Ch. 10)*** proposed to reduce the distribution of transfer tax revenues to the General Fund by $20.0 million in fiscal 2017 and redirect the funds to a variety of land preservation programs via a contingent special fund appropriation within DNR.

- ***House Bill 452 (failed)*** proposed to accelerate the amount of refundable earned income tax credit to 28% by tax year 2016, as opposed to reaching that target through a phased-in process by tax year 2018. The estimated impact assumed by the Administration is a loss of $18.0 million in general fund revenue in fiscal 2017.

- ***House Bill 459 (passed)*** proposed to reduce a variety of fees, including for birth and death certificates, fishing licenses, handgun licenses, and vanity license plates. The Administration estimated that this would reduce general fund revenues by approximately $5.2 million in fiscal 2017.

As part of the budget package the Governor also submitted legislation to effectuate relief from spending mandates. ***Senate Bill 375*/*House Bill 449 (both failed)***, would have permitted the Governor to limit funding for any program to the amount funded in fiscal 2018 except for mandated spending for K-12 education programs, debt service, contributions to the State employee retirement system, or the State Reserve Fund. This limitation would not have applied when the December BRE revenue estimate for the current year's budget was more than 2% higher than the revenue estimate for that budget from the prior December BRE report.

Legislative Consideration of the Budget

Revenue and Spending Changes

Following submission of the budget in January 2016, the Governor submitted three supplemental budgets. Revenues were revised by BRE in March, by a net -$51.4 million across fiscal 2016 and 2017.

Revenue Revisions: In March 2016, BRE revised its general fund projection for fiscal 2016 upward by $9.2 million, based on $75.2 million in higher corporate income and estate and inheritance taxes as well as better than expected performance by the State Lottery. These gains were offset by lagging performance by the State sales tax, resulting in a loss of $66.0 million. This adjustment to the sales tax outlook was carried forward into the fiscal 2017 estimate, lowering the amount expected to be collected by $60.6 million.

Supplemental Budgets: The Governor introduced three supplemental budgets, which proposed a total of $49.9 million in additional spending. **Exhibit A-1.3** summarizes the supplemental budgets by fund type.

Exhibit A-1.3
Summary of Supplemental Budget
2016 Session
($ in Millions)

	General Funds	Special Funds	Federal Funds	Total
Supplemental Budget No. 1	$15.0			$15.0
Supplemental Budget No. 2	26.6	$11.4	$0.1	38.1
Supplemental Budget No. 3	53.6	-3.0	-53.8	-3.2
Total	**$95.2**	**$8.4**	**-$53.7**	**$49.9**

- ***Supplemental Budget No. 1:*** The Governor provided $15.0 million in general funds as a grant to the University of Maryland Medical System, for operating support for a new Prince George's County Regional Medical System.

- ***Supplemental Budget No. 2:*** The second supplemental budget appropriated $38.1 million in spending for fiscal 2017. Spending was proposed for Project C.O.R.E. demolition in the Department of Housing and Community Development ($21.5 million), mandated Watershed Implementation Plan funding that was erroneously omitted from the allowance ($11.0 million), a new early graduation scholarship program in the Maryland Higher Education Commission ($3.0 million), a 2% rate increase for substance abuse providers in the Department of Health and Mental Hygiene ($2.3 million), and funding in DSP to address heroin and opioid abuse ($0.3 million).

- ***Supplemental Budget No. 3*****:** The final supplemental budget reduced spending by a net $3.2 million. This included new spending of $135.5 million against withdrawn spending of $138.8 million. Larger increases were provided for five PAYGO capital higher education projects ($46.2 million), K-12 grants to Baltimore City and Calvert County to address declining student enrollment ($13.8 million), a new IT project in DHR ($13.8 million), funding for collectively bargained compensation increases for law enforcement positions ($12.1 million) and to address shortfalls in the Medicaid Children's Health Program ($10.0 million) and overtime in the Department of Public Safety and Correctional Services ($8.0 million). Due to a large decline in the Medicaid caseload, the supplemental budget withdrew $116.2 million from that program and also assumed an additional $15.0 million Medicaid reversion.

Legislative Priorities and Reductions: As shown in **Exhibit A-1.4**, the legislature acted to restrict $163.3 million in general and special fund appropriations to be used to fund legislative priorities. The largest restriction relates to $80.0 million in the appropriation to the Rainy Day Fund, which authorizes the Governor to transfer funds by budget amendment on an "all or nothing" basis to spending, otherwise the appropriations revert to the General Fund. The specific priorities covered by this language include $42.9 million for PAYGO capital projects and $37.1 million for various grants and programs. The largest PAYGO restrictions would provide $15.0 million for the Facilities Renewal Fund and $9.2 million toward the Public Safety Communication System. Operating grants include $19.0 million to assist local school systems with the normal cost of teacher retirement pensions and $14.0 million to enhance Medicaid physician and psychiatrist evaluation and management rates to equal 96% of the Medicare rate. For a complete listing of the legislative priorities authorized for funding in the appropriation to the Rainy Day Fund, see Exhibit A-1.12 in the subpart "By the Numbers" within Part A of this *90 Day Report*.

Another $46.2 million of general fund appropriations were restricted within the Board of Public Works (BPW) – Capital Appropriation program to pay for programs that are not eligible for tax-exempt financing. This action is expected to produce debt service savings in future operating budgets. A list of the specific programs intended to be funded can be found in the subpart "Capital Budget" within Part A of this *90 Day Report*.

Exhibit A-1.4
Funds Restricted for Legislative Priorities
Fiscal 2016 and 2017
($ in Millions)

Rainy Day Fund Pay-as-you-go (PAYGO) Items and Other Grants	$79,959,234
PAYGO Funding to Replace Tax Exempt Debt	46,200,000
Special Fund Restrictions	27,300,000
Other Grants and Programs	9,794,000
Grand Total Uses	**$163,253,234**

Finally, another $37.1 million in general and special fund restrictions were withheld to fund other operating and PAYGO priorities. Chief among these is $22.0 million to fund improvements at the Greenbelt Metro Station site, should that location be selected for the new headquarters of the Federal Bureau of Investigation. Other large restrictions included $3.3 million for the Maryland Clean Energy Center, $2.0 million for sound barriers, $1.7 million to restore dietary positions and operations in the Department of Health and Mental Hygiene, $3.2 million for fiscal 2016 college completion initiatives, and $1.6 million for need-based financial aid programs. For a complete listing of these other restrictions, see Exhibit A-1.13 in the subpart "By the Numbers" within Part A of this *90 Day Report*.

Reductions: The legislature reduced the fiscal 2017 budget by $68.1 million. Most of this was due to a combined reduction of $54.6 million in special funds in MDOT. The largest reduction of $28.6 million was made to proposed PAYGO capital grants to local jurisdictions based on the allocation of statutory Highway User Revenue (HUR) grants. The Administration had included $53.6 million in the allowance for this purpose, with the intention of phasing up the level of discretionary grant funding until the combination of HUR and discretionary grants equaled 30% of revenues credited to the Gasoline and Motor Vehicle Revenue Account. Final legislative action restricted $25.0 million to be allocated based on grants in fiscal 2016, which provided $19.0 million for municipalities, $4.0 million for counties, and $2.0 million for Baltimore City. Another reduction of $26.0 million was made to the Washington Metropolitan Area Transit Authority (WMATA), because the amount in the allowance was overbudgeted relative to the projected WMATA capital budget.

Other reductions included $3.0 million in overbudgeted Mortgage Settlement special funds in the Office of the Attorney General, $2.7 million in general funds in the Judiciary for turnover and operating expenses, and $2.2 million ($1.1 million each in general and special funds) in the State Department of Assessments and Taxation to prohibit the use of aerial technology for conducting assessments. The legislature added $0.4 million to its own budget to address underfunded employee health insurance and $0.3 million to the Judiciary budget to add 1 judge and 2 clerks contingent on enactment of ***House Bill 74 (Ch. 91)*** creating new judgeships.

Final Actions Related to SAC

Limiting Spending Growth: **Exhibit A-1.5** indicates that budget growth on a spending affordability basis, is 4.55% following final action at the 2016 session. This rate of growth is 30 basis points below the 4.85% limit recommended by SAC.

Exhibit A-1.5
Operating Budget Affordability Limit
($ in Millions)

Funds	2015 Session	2016 Session	$ Change	% Change
General	$16,171.3	$16,809.9	$638.5	3.95%
Special	5,666.4	6,045.0	378.6	6.68%
Higher Education	2,579.2	2,673.2	94.0	3.65%
Estimated Budget Growth	**$24,416.9**	**$25,528.1**	**$1,111.2**	**4.55%**
SAC Limit	**$24,416.9**	**$25,601.1**	**$1,184.2**	**4.85%**
Over (Under) Limit			**-73.0**	**-0.30%**

SAC: Spending Affordability Committee

Source: Department of Legislative Services

Personnel: The budget as introduced funded 80,321 positions, based on an unspecified across-the-board abolition of 657 positions per Section 20 of the budget bill. Another 7 positions were created through Supplemental Budget No. 3 for the Department of General Services related to the Crownsville complex. The legislature abolished 2 positions from the base budget, but Section 20 stipulated that any position reductions made by the legislature would count toward the total to be abolished. The legislature also created 3 new positions for an additional Baltimore City circuit court judge and 2 clerks for the Judiciary related to ***House Bill 74***. At 80,331 positions, the fiscal 2017 personnel complement is 500 positions below the 80,831 cap recommended by SAC for the 2016 session. Thus, the final action for State employment is consistent with the SAC recommendation.

General Fund and State Reserve Fund Balances: Final legislative action yielded an estimated closing fiscal 2017 balance of $364.6 million, which is above the $100.0 million general fund balance recommended by SAC. With respect to the Rainy Day Fund, an appropriation of $155.4 million, net of $80.0 million in funds restricted for legislative priorities, results in an estimated $1.0 billion balance. This level of balance is equal to 5.9% of estimated general fund revenues. In accordance with intent expressed by SAC, the Governor provided a deficiency appropriation of $10.0 million to the Catastrophic Event Account as well as $46.2 million in

PAYGO capital appropriations in a supplemental budget. Legislative action entailed restricting the $46.2 million for projects that are not eligible for tax-exempt debt. Final action on the budget complied with the SAC recommendations to maintain a general fund balance of at least $100.0 million, a balance in the Rainy Day Fund at or above $1.0 billion, and use of balances for infrastructure or to enhance the financial condition of the State.

Summary of Fiscal 2016 Legislative Activity

Exhibit A-1.6 shows the impact of the legislative budget on the general fund balance for fiscal 2016 and 2017. The fiscal 2016 balance is estimated to be $551.4 million, assuming $401.6 million in reversions. At the end of fiscal 2017, the closing balance is estimated to be $364.6 million, assuming $30.0 million in reversions.

Exhibit A-1.6
Final Legislative Budget Action with SB 190
Fiscal 2016-2017
($ in Millions)

	2016	2017
Opening Balance	**$320.4**	**$551.4**
Board of Revenue Estimates Revenues	$16,444.5	$17,021.3
Additional Revenues	21.9	36.2
Legislation	0.0	-38.7
Transfers	4.5	0.0
Subtotal	***$16,470.9***	***$17,018.8***
Appropriations/Across-the-board Cuts/Deficiencies	$16,613.3	$17,159.3
Supplemental Budgets	28.2	82.0
Reductions	0.0	-5.7
Targeted Reversions	-371.6	0.0
Reversions	-30.0	-30.0
Subtotal	***$16,239.9***	***$17,205.6***
Closing Balance	**$551.4**	**$364.6**

Source: Department of Legislative Services

With respect to budget reductions through BPW, legislation was enacted to require additional transparency prior to the adoption of any actions under Section 7-213 of the State Finance and Procurement Article. Under current law, the Governor may reduce any appropriation up to 25%, except for K-12 education, debt service, the Maryland School for the Blind, and the salary of a public officer. ***Senate Bill 370/House Bill 368 (Chs. 14 and 15)*** require notification of the reductions to the Legislative Policy Committee and the budget committees, as well as publication on the websites of the Department of Budget and Management (DBM) and BPW, at least three business days prior to BPW approval of any reductions.

Outlook for Future Budgets

As shown in **Exhibit A-1.7**, fiscal 2017 is projected to end with a $365 million fund balance. This is $186 million less than the projected fiscal 2016 fund balance. In fiscal 2017, ongoing revenues exceed ongoing spending by $100 million.

A structural deficit appears in fiscal 2018 when ongoing spending is projected to exceed ongoing revenues by $28 million. This structural deficit grows in each following year and is projected to reach $515 million in fiscal 2021. Between fiscal 2017 and 2021, ongoing revenues are projected to grow at an average annual rate of 3.8% while ongoing spending grows at an average annual rate of 4.6%.

The forecast is impacted by legislation enacted during the 2016 session. This includes impacts on revenues and spending. Legislation affecting revenues includes:

- ***Senate Bill 1007/House Bill 1378 (both passed)*** establish the Maryland Small Business Retirement Savings Program and Trust, which requires specified private-sector employers to make the program available to their employees. Employers who participate in the program or otherwise offer a retirement savings arrangement to their employees as specified in the bill are exempt from the State's annual filing fee for corporations and business entities. General funds are projected to decrease by about $40.0 million per year from fiscal 2018 through 2021;

- ***House Bill 462*** reduces existing authorizations for the Governor to transfer funds from the transfer tax special fund to the general fund by $20.0 million in fiscal 2017 and by $40.0 million in fiscal 2018;

- ***House Bill 422 (passed)*** alters the calculation of the annual interest rate that the Comptroller sets for tax deficiencies and refunds by setting the rate at equal to the greater of 12.0% for calendar 2017, 11.5% for calendar 2018, 11.0% for calendar 2019, 10.5% for calendar 2020, and 10.0% for calendar 2021, or three percentage points above the average prime rate of interest in the previous fiscal year, based on information from the Federal Reserve Bank. General funds are projected to decrease by $2.1 million for fiscal 2017 and by progressively larger amounts in subsequent years reaching almost $12.0 million in fiscal 2021;

Exhibit A-1.7
General Fund Budget Outlook
Fiscal 2016-2021
($ in Millions)

Revenues	**2016 Working**	**2017 Leg. Approp.**	**2018 Est.**	**2019 Est.**	**2020 Est.**	**2021 Est.**	**2017-21 Avg. Annual Change**
Opening Fund Balance	$320	$551	$365	$170	$0	$0	
Transfers	5	0	0	171	73	29	
Subtotal One-time Revenue	***$325***	***$551***	***$365***	***$341***	***$73***	***$29***	
Ongoing Revenues	$16,466	$17,057	$17,750	$18,353	$19,071	$19,809	
Revenue Adjustments and Legislation	0	-39	-99	-63	-66	-70	
Subtotal Ongoing Revenue	***$16,466***	***$17,019***	***$17,652***	***$18,290***	***$19,006***	***$19,739***	***3.8%***
Total Revenues and Fund Balance	**$16,791**	**$17,570**	**$18,016**	**$18,631**	**$19,079**	**$19,768**	**3.0%**
Ongoing Spending							
Operating Spending	$16,714	$17,368	$18,120	$18,893	$19,786	$20,711	
VLT Revenues Supporting Education	-394	-459	-534	-541	-549	-557	
Multi-year Commitments	9	9	24	24	14	14	
Ongoing Spending – Legislation	0	0	69	84	81	87	
Subtotal Ongoing Spending	***$16,329***	***$16,918***	***$17,679***	***$18,460***	***$19,332***	***$20,254***	***4.6%***
One-time Spending							
PAYGO Capital	$30	$113	$23	$26	$1	$1	
One-time Reductions	-28	0	0	0	0	0	
Legislation/one-time Adjustments/Swaps	-174	19	44	45	42	92	
Appropriation to Rainy Day Fund	81	155	100	100	50	83	
Subtotal One-time Spending	***-$89***	***$287***	***$167***	***$171***	***$93***	***$177***	
Total Spending	**$16,240**	**$17,206**	**$17,846**	**$18,631**	**$19,425**	**$20,431**	**4.4%**
Ending Balance	**$551**	**$365**	**$170**	**$0**	**-$346**	**-$663**	
Rainy Day Fund Balance	$831	$1,002	$1,068	$962	$954	$990	
Balance Over 5% of GF Revenues	8	149	180	45	0	0	
As % of GF Revenues	5.05%	5.87%	6.01%	5.24%	5.00%	5.00%	
Structural Balance	**$137**	**$100**	**-$28**	**-$170**	**-$326**	**-$515**	

GF: general fund
PAYGO: pay-as-you-go
VLT: video lottery terminal

- ***Senate Bill 1112 (passed)*** creates a tax credit against the State income tax for a business that is certified by the Department of Commerce as operating a qualifying aerospace, electronics, or defense contract tax credit project. The Department of Commerce may award a maximum of $7.5 million in tax credits in each year to a business that is certified as meeting the requirements of the program. General funds are projected to decrease by $6.0 million annually from fiscal 2017 through 2021;

- ***Senate Bill 676/House Bill 1014 (both passed)*** establish a matching State contribution for eligible college savings accounts; create a refundable tax credit of up to $5,000 for undergraduate student loan debt; alter authorized uses of, and clarify eligibility criteria for, specified student financial aid; and establish conditions under which students with unpaid balances may continue to attend public institutions of higher education. General funds are projected to decrease by $5.0 million annually from fiscal 2018 through 2021; and

- ***House Bill 459*** reduces the fees for birth and death certificates from $24 to $10. General funds are projected to decrease by $3.6 million annually beginning in fiscal 2017.

Legislation affecting expenditures includes:

- ***House Bill 462*** takes various actions to restore funding to the special fund into which transfer tax revenues are deposited (transfer tax special fund) and programs and purposes supported by the fund; and increases the amount of the State's share of Program Open Space funding that must be allocated for direct grants to Baltimore City for park purposes. General fund spending is projected to increase by $5.0 million in fiscal 2018 escalating to $72.4 million in fiscal 2021;

- ***Senate Bill 1052 (Ch. 25)*** creates a strategic partnership between the University of Maryland, College Park and the University of Maryland, Baltimore to be called the University of Maryland; makes various changes and requires various planning activities to take place; requires the University System of Maryland headquarters to move to Baltimore City; and mandates the appropriation of funds for various purposes beginning in fiscal 2018. Spending is projected to increase over time from $11.2 million in fiscal 2018 to $32.3 million in fiscal 2021;

- ***House Bill 684 (Ch. 29)*** codifies the existing Baltimore Regional Neighborhood Initiative Program within the Department of Housing and Community Development. The bill also establishes a Baltimore Regional Neighborhood Initiative Program Fund and requires the Governor, for fiscal 2018 through 2022, to include in the annual budget bill an appropriation of $12.0 million to the fund. For fiscal 2018 only, the Governor must also include in the budget bill an appropriation of $250,000 for the Baltimore Metropolitan Council;

- ***Senate Bill 676/House Bill 1014*** establish a matching State contribution for eligible college savings accounts; create a refundable tax credit of up to $5,000 for undergraduate student loan debt; alter authorized uses of, and clarify eligibility criteria for, specified student financial aid; and establish conditions under which students with unpaid balances may continue to attend public institutions of higher education. Spending is projected to increase by $5.4 million for fiscal 2018, $7.3 million in fiscal 2019, and $10.3 million in fiscal 2020 and 2021;

- ***House Bill 1402 (Ch. 32)*** establishes a Public School Opportunities Enhancement Program and Grant in MSDE. MSDE must develop and administer the grant program to assist local school systems, public community schools, and nonprofit organizations in the State in expanding or creating extended day and summer enhancement programs and to assist nonprofit organizations in the State and community schools in expanding or supporting existing educational programming during the school day. For fiscal 2018 through 2021, the Governor must include $7.5 million annually in the State budget for the program. To receive grants, eligible entities must provide services in a county in which at least 50% of the students are eligible to receive a free lunch under the National School Lunch Program;

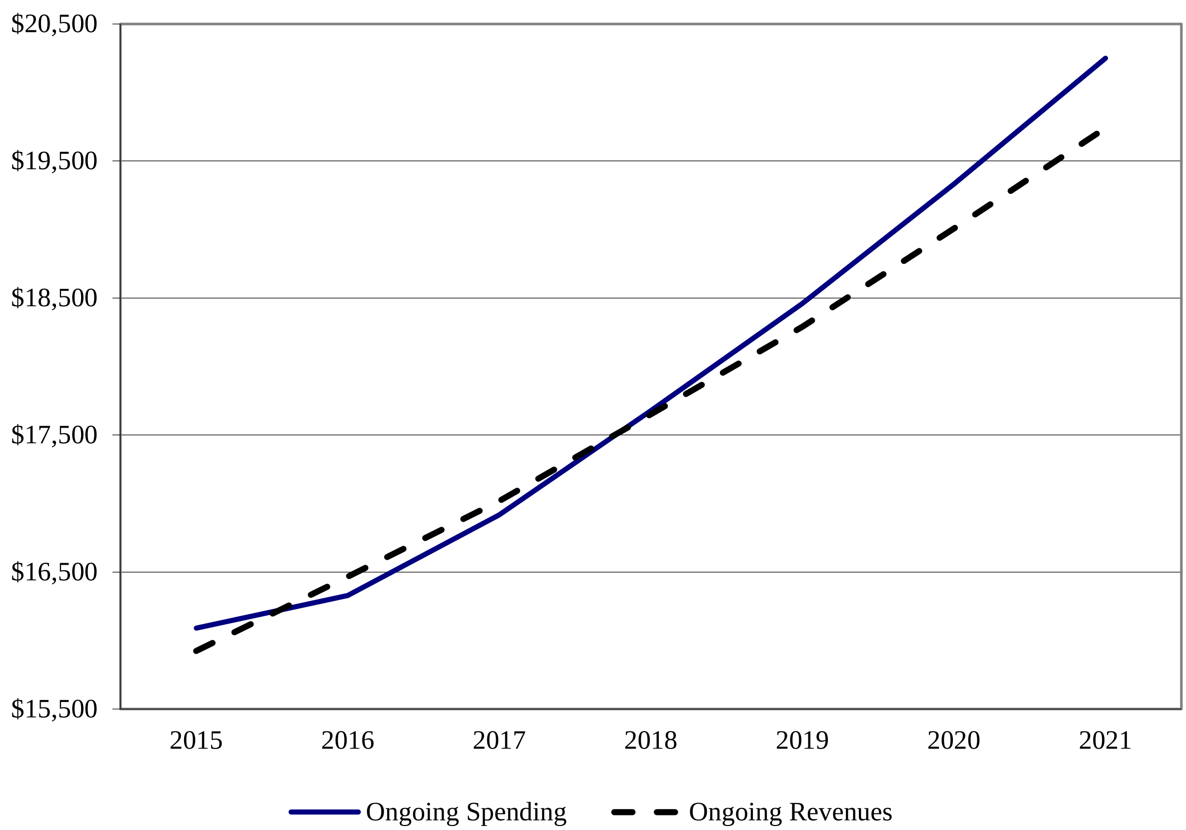
- ***Senate Bill 493 (passed)*** establishes a Teacher Induction, Retention, and Advancement Pilot Program. The bill mandates an appropriation of $5.0 million annually for the program. The bill also increases the maximum State matching stipend for teachers who hold National Board Certification from $2,000 to $4,000 and requires the State to provide a stipend for certain teachers in Anne Arundel County public schools. Spending is projected to increase by $8.2 million in fiscal 2018 and 2019 and by $6.4 million in fiscal 2020 and 2021;

- ***House Bill 1400 (Ch. 31)*** establishes a Seed Community Development Anchor Institution Fund within the Department of Housing and Community Development to provide grants and loans to “anchor institutions” for community development projects in “blighted areas” of the State. For fiscal 2018 through 2022, the Governor must include in the annual budget bill an appropriation of $5.0 million to the fund; and

- ***House Bill 1403 (passed)*** reestablishes the College Readiness Outreach Program as the Next Generation Scholars of Maryland Program to (1) allow eligible students in grades 7 and 8 (and specified students in grade 9) to prequalify for a Guaranteed Access Grant; (2) require students to agree in writing to meet specified qualifications; and (3) require that specified services be provided to students participating in the program. For each year from fiscal 2018 through 2023, the Governor must include $5.0 million in general funds for the program to be administered in school systems in which at least 50% of the students are eligible to receive a free lunch under the National School Lunch Program in the 2015-2016 school year.

Exhibit A-1.8 illustrates the current projections for general fund structural balance from fiscal 2016 through 2021. In the short-term, the general fund budget is expected to be in structural balance in fiscal 2016 and 2017, with ongoing revenues exceeding ongoing spending by approximately $100 million in fiscal 2017. Throughout the forecast period ongoing spending outpaces revenues by not quite 1% per year. A small deficit appears in fiscal 2018, growing slightly in fiscal 2019, but the amount to be addressed in both years appears easily manageable. In part, due to the phased effects of legislation, a deficit in excess of $500 million appears by fiscal 2021. While an improving economy may mitigate a portion of this shortfall, additional spending or revenue actions may be needed to ensure future fiscal equilibrium.

Exhibit A-1.8
The General Fund Structural Deficit
Is Projected to Exceed $500 Million by Fiscal 2021
Fiscal 2015-2021
($ in Millions)



Source: Department of Legislative Services

State Reserve Fund

The Rainy Day Fund, Dedicated Purpose Account, and Catastrophic Event Account are projected to have a combined $1.0 billion in total fund balance at the end of fiscal 2017. Activity in fiscal 2016 and 2017 is shown in **Exhibit A-1.9**. The fiscal 2017 budget includes a net appropriation of $155.4 million into the Rainy Day Fund. The General Assembly amended the allowance to restrict $80.0 million for various projects and programs, including $19.0 million for local school boards' pension increases. The restricted funds also support Medicaid, food assistance payments, capital projects, crime prevention, arts institutions, and education institutions. The end-of-year Rainy Day Fund balance is projected to be $1,001.8 million, which is 5.9% of fiscal 2017 general fund revenues. ***House Bill 462*** suspends, for fiscal 2018 and 2019, the requirement that an amount equal to a specified portion of unappropriated general fund balance from the second prior fiscal year be appropriated to the Rainy Day Fund.

Exhibit A-1.9
State Reserve Fund Activity
Fiscal 2016-2017
($ in Millions)

	Rainy Day Fund	Dedicated Purpose Acct.	Catastrophic Event Acct.
Estimated Balances June 30, 2015	**$773.5**	**$0.0**	**$0.2**
Fiscal 2016 Appropriation	50.0	152.5	10.0
Transfer to Local Income Tax Reserve Account		-10.0	
Section 48 Initiatives Restored by Administration		-118.6	
General Fund Reversion		-21.4	
Interest	8.1		
Estimated Balances June 30, 2016	**$831.5**	**$2.5**	**$10.2**
Fiscal 2017 Appropriation	155.4		
Restricted for Legislative Initiatives	80.0		
Expenditure for Legislative Initiatives	-80.0		
Information Technology Upgrades		-2.5	
Estimated Interest	14.9		
Estimated Balances June 30, 2017	**$1,001.8**	**$0.0**	**$10.2**
Percent of Revenues in Reserve	**5.9%**		

Source: Department of Budget and Management

In fiscal 2016, the Dedicated Purpose Account received a $2.5 million deficiency appropriation to support the Department of Information Technology's (DoIT) efforts to replace outdated software and hardware. DoIT anticipates that most of these funds will be spent in fiscal 2017. This is in addition to the $150.0 million appropriation made during the 2015 legislative session. The appropriation provides:

- $10.0 million to reduce the unfunded liability in the Local Income Tax Reserve Account;

- $118.6 million to restore reductions made by the Administration; and

- $21.4 million that was also dedicated to restore Administration reductions, but will instead revert to the General Fund because the Administration did not fund the GCEI or Prince George's County Hospital.

The Catastrophic Event Account began fiscal 2015 with a fund balance totaling $172,937. The account received a $10.0 million deficiency appropriation in fiscal 2016. No activity is planned at this time, so the account is anticipated to end fiscal 2017 with a $10.2 million fund balance.

Personnel

The amount budgeted for employee salaries and benefits increases to $8.3 billion in fiscal 2017. Employee costs are 18.9% of the State's $42.2 billion budget. In fiscal 2017, employee costs increase by $329.7 million, or 4.1%. The largest increases are attributable to increment ($108.9 million), health insurance ($118.2 million), and pension ($100.2 million) costs.

Employee Compensation

The fiscal 2017 budget provides employee increments but does not provide a statewide general salary increase. Increments are merit increases in which employees with satisfactory evaluations receive a one-step salary increase. The Administration collectively bargained with unions but was unable to reach any agreement for a statewide general salary increase.

However the Administration did reach agreement with the State Law Enforcement Officers Labor Alliance (SLEOLA), which bargains for sworn police officers. The agreement provides for regular increments beginning with fiscal 2016, a 2% general salary increase in fiscal 2017, and increments for officers employed in the recent four years (fiscal 2010 to 2013) in which State employees did not receive increments. Payment of these increments was contingent upon enactment of ***Senate Bill 378/House Bill 454 (Chs. 23 and 37)***. DBM estimates that the regular increment adds $5.7 million in fiscal 2017 costs. Additional benefits earned, such as the fiscal 2016 increments, a 2% increase in fiscal 2017, and increments for officers that did not receive increments during cost containment add another $2.5 million to fiscal 2016 and $12.1 million to fiscal 2017.

The Administration also reached agreements with Baltimore/Washington International Thurgood Marshall Airport's (BWI Marshall Airport) firefighters and Maryland Transportation Authority (MDTA) sworn officers' unions. Though not identical, the MDTA agreement shares some similarities with the SLEOLA agreement. Employees affiliated with both of these bargaining units receive increments and a 2% general salary increase in fiscal 2017. They also receive extra increments for officers that missed them in fiscal 2017 and 2018. The BWI Marshall Airport agreement is less generous. The firefighters will not be receiving a general salary increase. They did receive an extra increment in fiscal 2017.

Pension Funding

Additional pension costs are primarily attributable to increased payments in excess of full actuarial funding. Fiscal 2017 pension costs include the full actuarial payment, a $75 million supplemental contribution that is statutorily required, an additional $50 million required based on the unappropriated surplus from the fiscal 2015 closeout, and an additional $25 million provided by the Governor. In sum, these supplemental payments exceed the full actuarial requirement by $150 million. Enhanced payments are made to increase the funded ratio more rapidly.

Employee and Retiree Health Insurance

Health insurance costs are consistent with the Administration's two-year plan to fully eliminate a deficit in the Employee and Retiree Health Insurance Account. Due to plan changes in fiscal 2012, the account closed with substantial fund balances in fiscal 2013 and 2014. As a result, contributions required of State agencies, employees, and retirees were lowered in fiscal 2014 and 2015 to work down this fund balance; however, at the same time, claims paid by the State exceeded projections. By the end of fiscal 2015, the account closed with a negative fund balance after accounting for unpaid liabilities.

To address the deficit, State agency, employee, and retiree contributions in fiscal 2016 and 2017 increase overall by 19.6% and 6.9%, respectively. Favorable trends in pharmacy rebates also result in additional revenue, starting in fiscal 2015 when rebates and recoveries increased by $20.0 million to a total of $81.4 million; rebates increase to $104.0 million in fiscal 2016 and are anticipated to stay at this raised level in fiscal 2017. As a result of both increased contributions and rebates, the Administration predicts a positive fund balance of $6.3 million in fiscal 2017 after deducting unpaid liabilities.

Workforce Changes

In fiscal 2017, the State workforce decreases by 543 positions, to 80,331 as shown in **Exhibit A-1.10**. The most significant reduction is due to Section 20 of the budget bill, which requires that the Administration abolish 657 positions in fiscal 2017, net of reductions made by the General Assembly. Since 2 positions were abolished as part of legislative action on the budget, Section 20 requires the Administration to allocate the reduction of 655 positions by July 1, 2016. Without these unallocated reductions, the number of positions actually increases by 112 positions. The budget committees expressed concerns about the Administration's budget requiring such substantial reductions and expressed the intent that the fiscal 2018 budget provide a full and complete personnel plan that identifies which positions will be abolished and refrains from large unallocated reductions in positions.

Exhibit A-1.10
Regular Full-time Equivalent Positions
Fiscal 2016-2017

Department/Service Area	2016 Working Approp.	2017 Allowance	Supplemental Budget	Legis. Reductions	2017 Legis. Approp.
Health and Human Services					
Health and Mental Hygiene	6,353	6,283	0	0	6,283
Human Resources	6,360	6,337	0	0	6,337
Juvenile Services	2,055	2,051	0	0	2,051
Subtotal	***14,768***	***14,672***	***0***	***0***	***14,672***
Public Safety					
Public Safety and Correctional Services	11,025	11,014	0	0	11,014
Police and Fire Marshal	2,438	2,436	0	0	2,436
Subtotal	***13,463***	***13,450***	***0***	***0***	***13,450***
Transportation	9,126	9,259	0	0	9,259
Other Executive					
Legal (Excluding Judiciary)	1,501	1,484	0	0	1,484
Executive and Administrative Control	1,626	1,613	0	-1	1,612
Financial and Revenue Administration	2,119	2,132	0	0	2,132
Budget and Management and DoIT	460	480	0	0	480
Retirement	213	215	0	-1	214
General Services	578	582	7	0	589
Natural Resources	1,321	1,341	0	0	1,341
Agriculture	380	376	0	0	376
Labor, Licensing, and Regulation	1,603	1,589	0	0	1,589
MSDE and Other Education	1,940	1,981	0	0	1,981
Housing and Community Development	337	339	0	0	339
Commerce	208	206	0	0	206
Environment	939	934	0	0	934
Subtotal	***13,223***	***13,271***	**7**	**0** [1]	***13,276***
Across-the-board Reduction		-657			-657
Executive Branch Subtotal	***50,579***	***49,994***	*7*	***0***	***50,000***
Higher Education	25,632	25,631	0	0	25,631
Judiciary	3,914	3,948	0	3	3,951
Legislature	749	749	0	0	749
Grand Total	**80,874**	**80,321**	**7**	**3**	**80,331**

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

[1] The Administration's across-the-board reduction is net of legislative reductions, per Section 20 of the budget bill.

Source: Department of Budget and Management; Department of Legislative Services

By the Numbers

A number of exhibits summarize the legislative budget action. These exhibits are described below.

Exhibit A-1.11, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through three supplemental budgets, legislative reductions, and final appropriations for fiscal 2016 and 2017 by fund source. The Governor's original request provided for $42.3 billion in fiscal 2017 expenditures and $195.8 million in fiscal 2016 deficiencies.

The Governor added $33.1 million in fiscal 2016 spending in a supplemental budget, resulting in an appropriation of $40.3 billion for fiscal 2016. The fiscal 2017 budget was increased by $31.7 million through three supplemental budgets offset by legislative reductions totaling $68.1 million. This resulted in a final appropriation of $42.2 billion.

Exhibit A-1.12 details $80 million in general funds restricted for legislative priorities in the Rainy Day Fund of ***Senate Bill 190***. Legislative priorities support a mix of PAYGO capital uses and grants. This includes funding for facilities renewal, aging schools, public safety communications, demolition of buildings at the Baltimore City correctional complex, and the Maryland Agricultural Cost-Share Program. Operating priorities would fund grants to 22 jurisdictions to provide one-time assistance with local pension funding requirements, increase physician rates, restore grant funding to Baltimore City to fiscal 2014 levels for assisting Medicaid enrollees in accessing care, crime prevention grants in Baltimore City, grants to arts institutions, education institutions, and for lead remediation activities for certain eligible Medicaid enrollees. If the Governor does not opt to transfer funds for these legislative priorities, then the entire $80 million appropriation reverts to the General Fund.

Exhibit A-1.13 lists $37.1 million in general and special fund appropriations that represent additional restrictions throughout the budget to only be used to implement legislative initiatives. Each item can be considered separately by the Governor, and those items that are not used for the restricted purpose either revert to the General Fund at the end of the fiscal year or are cancelled. Cancelled special funds will either be credited to the Transportation Trust Fund or the Strategic Energy Investment Fund.

Exhibit A-1.14 illustrates budget changes by major expenditure category by fund. Total spending increases by $2.0 billion, or 4.9%. Debt service grows by $83.6 million, or 5.9%, based on the issuance of GO and transportation debt. Aid to local government increases by $377.4 million, or 4.7%, largely due to formula-based education aid. Entitlement spending grows by $321.1 million, or 2.8%, driven by provider rate increases. State agency spending increases by $591.9 million, or 3.5%, largely due to personnel expenses for employee increments, health care, and retirement. Higher education spending also grows by $119.4 million, or 2.1%, for personnel and operating expenses. PAYGO capital expenditures increase by $503.2 million, or 18.8%, due mostly to greater spending on transportation projects. This includes continued development of the Purple Line light rail transit system and a variety of highway and bridge projects.

Exhibit A-1.11
Fiscal Note – Summary of the Fiscal 2017 Budget Bill – Senate Bill 190

	General Funds	Special Funds	Federal Funds	Education Funds	Total Funds
Governor's Allowance					
Fiscal 2016 Budget	$16,211,748,490	$8,374,816,134	$11,494,820,220	$4,136,376,216	$40,217,761,060 (1)
Fiscal 2017 Budget	17,129,343,019	8,823,809,822	12,099,982,117	4,215,323,887	42,268,458,845 (2)
Supplemental Budget No. 1					
Fiscal 2016 Deficiencies	$0	$0	$0	$0	$0
Fiscal 2017 Budget	15,000,000	0	0	0	15,000,000
Subtotal	***$15,000,000***	***$0***	***$0***	***$0***	***$15,000,000***
Supplemental Budget No. 2					
Fiscal 2016 Deficiencies	$0	$0	$0	$0	$0
Fiscal 2017 Budget	26,554,092	11,420,644	82,803	0	38,057,539
Subtotal	***$26,554,092***	***$11,420,644***	***$82,803***	***$0***	***$38,057,539***
Supplemental Budget No. 3					
Fiscal 2016 Deficiencies	$28,150,781	$700,760	$4,258,389	$0	$33,109,930
Fiscal 2017 Budget	40,422,702	-3,693,269	-58,067,363	0	-21,337,930
Subtotal	***$68,573,483***	***-$2,992,509***	***-$53,808,974***	***$0***	***$11,772,000***
Legislative Reductions					
Fiscal 2016 Deficiencies	$0	$0	$0	$0	$0
Fiscal 2017 Budget	-5,712,557	-61,178,350	-1,173,465	-42,203	-68,106,575
Total Reductions	**-$5,712,557**	**-$61,178,350**	**-1,173,464**	**-42,203**	**-$68,106,575**
Appropriations					
Fiscal 2016 Budget	$16,239,899,271	$8,375,516,894	$11,499,078,609	$4,136,376,216	$40,250,870,990
Fiscal 2017 Budget	17,205,607,256	8,770,358,847	12,040,824,092	4,215,281,684	42,232,071,879
Change	**$965,707,985**	**$394,841,953**	**$541,745,483**	**$78,905,468**	**$1,981,200,889**

(1) $195.8 million in proposed deficiencies, including $179.1 million in general funds, -$5.5 million in special funds, $6.1 million in federal funds, and $16.1 million in current unrestricted funds. Reversion assumptions total $401.6 million, including $30.0 million in unspecified reversions and $371.6 million in targeted reversions.

(2) General fund reversions of $30.0 million. Across-the-board cuts of $42.5 million for health insurance ($17.5 million) and abolish 657 positions ($25.0 million).

Exhibit A-1.12
Legislative Budget Priorities
($ in Millions)

Sources	General Funds
Rainy Day Fund	$79,959,234
Total Reductions	**$79,959,234**

Uses	General Funds
Pay-as-you-go (PAYGO) Capital Uses	
Facilities Renewal Fund	$15,000,000
Public Safety Communication System	9,190,000
Baltimore City Correctional Complex Demolition	6,581,000
Aging Schools Program	6,109,000
Maryland Agricultural Cost-Share Program	6,000,000
Subtotal PAYGO Funding	***$42,880,000***
Operating Uses	
School Systems Share of Retirement Costs	$18,999,234
Physician and Psychiatrist Evaluation and Management Rates	14,080,000
Baltimore City Safe Streets Program	1,000,000
Food Supplement Program	1,000,000
Lead Remediation for Homes of Certain Medicaid Enrollees	500,000
Baltimore City Health Department Administrative Care Coordination Unit	500,000
Maryland Business Roundtable on Education	300,000
Maryland Center for Construction Education and Innovation	250,000
National Great Blacks in Wax Museum	200,000
Maryland Humanities Council	175,000
Arts Everyday	37,500
901 Arts	37,500
Subtotal Operating Funding	***$37,079,234***
Grand Total Uses	**$79,959,234**

Exhibit A-1.13
Additional Legislative Budget Priorities
Fiscal 2016-2017
($ in Millions)

	General Funds	Special Funds
USM: College Completion Initiatives[1]	$3,200,000	
SHA: Greenbelt Metro Station		$22,000,000
MEA: Maryland Clean Energy Center		3,300,000
SHA: Sound Barriers		2,000,000
MHEC: Need-based Financial Aid	1,590,000	
DHMH: SHC Dietary Function	1,200,000	
DHMH: Substance Use Treatment Services	1,100,000	
DHMH: RICA-Gildner Dietary Function	530,000	
MHEC: Maryland Academy of Sciences and College Bound Foundation	460,000	
DHMH: RICA-Baltimore Operating Expenses	400,000	
MHEC: Early College High Schools	300,000	
MHEC: Consultant Review of Need-based Aid	250,000	
MHEC: Maryland Education Development Collaborative	250,000	
DHMH: PACT Helping Children Program in DDA	214,000	
MHEC: Maryland Corps Program	150,000	
DOC: National Center for the Veteran Institute for Procurement	150,000	
Grand Total	**$9,794,000**	**$27,300,000**

[1] Fiscal 2016 funding.

DOC: Department of Commerce
DDA: Developmental Disabilities Administration
DHMH: Department of Health and Mental Hygiene
MEA: Maryland Energy Administration
MHEC: Maryland Higher Education Commission
RICA: Regional Institute for Children and Adolescents
SHA: State Highway Administration
SHC: Springfield Hospital Center
USM: University System of Maryland

Source: Department of Budget and Management

Exhibit A-1.14
State Expenditures – General Funds
($ in Millions)

Category	Actual FY 2015	Working Approp. FY 2016	Legislative Approp. FY 2017	Legislative Add Backs [1] FY 2017	Adjusted Legislative Approp. FY 2017	FY 2016 to 2017 $ Change	% Change
Debt Service	$140.0	$252.4	$283.0	$0.0	$283.0	$30.6	12.1%
County/Municipal	247.0	254.7	265.1	1.0	266.1	11.4	4.5%
Community Colleges	290.3	297.5	314.3	0.0	314.3	16.9	5.7%
Education/Libraries	5,767.3	5,827.5	5,925.3	25.4	5,950.7	123.2	2.1%
Health	41.7	45.7	49.5	0.0	49.5	3.8	8.4%
Aid to Local Governments	***$6,346.3***	***$6,425.3***	***$6,554.2***	***$26.4***	***$6,580.6***	***$155.3***	***2.4%***
Foster Care Payments	$186.1	$185.2	$177.8	$0.0	$177.8	-$7.4	-4.0%
Assistance Payments	73.1	61.9	68.2	1.0	69.2	7.3	11.9%
Medical Assistance	2,765.3	2,646.4	2,926.6	15.1	2,941.6	295.2	11.2%
Property Tax Credits	76.0	81.5	85.7	0.0	85.7	4.3	5.2%
Entitlements	***$3,100.5***	***$2,974.9***	***$3,258.3***	***$16.1***	***$3,274.3***	***$299.4***	***10.1%***
Health	$1,292.0	$1,316.3	$1,374.8	$3.4	$1,378.2	$61.9	4.7%
Human Resources	361.2	359.0	380.5	0.0	380.5	21.5	6.0%
Children's Cabinet Interagency Fund	20.6	22.5	20.7	0.0	20.7	-1.8	-8.0%
Juvenile Services	274.8	272.5	284.5	0.0	284.5	12.0	4.4%
Public Safety/Police	1,407.8	1,479.2	1,505.9	0.0	1,505.9	26.6	1.8%
Higher Education	1,287.8	1,348.9	1,386.4	0.0	1,386.4	37.6	2.8%
Other Education	388.4	411.5	424.5	2.9	427.4	15.8	3.8%
Agriculture/Natural Resources/ Environment	131.5	113.4	120.6	0.0	120.6	7.2	6.4%
Other Executive Agencies	654.0	673.3	771.8	1.0	772.8	99.5	14.8%
Judiciary	425.7	452.9	481.7	0.0	481.7	28.8	6.4%
Legislative	82.3	84.5	87.6	0.0	87.6	3.1	3.7%
Across-the-board Cuts	0.0	-0.2	-20.0	0.0	-20.0	-19.8	n/a
State Agencies	***$6,326.2***	***$6,533.9***	***$6,819.1***	***$7.3***	***$6,826.4***	***$292.5***	***4.5%***
Deficiencies (for prior years)	$0.0	$41.3	$0.0	$0.0	$0.0	-$41.3	-100.0%
Total Operating	**$15,912.9**	**$16,227.9**	**$16,914.6**	**$49.8**	**$16,964.4**	**$736.5**	***4.5%***
Capital [2]	$11.5	$26.5	$32.9	$83.0	$115.9	$89.3	337.1%
Subtotal	***$15,924.5***	***$16,254.4***	***$16,947.5***	***$132.8***	***$17,080.2***	***$825.8***	***5.1%***
Reserve Funds	$14.8	$72.5	$155.4	$0.0	$155.4	$82.9	114.3%
Appropriations	**$15,939.3**	**$16,326.9**	**$17,102.9**	**$132.8**	**$17,235.6**	**$908.7**	***5.6%***
Reversions	$0.0	-$87.0	-$30.0	$0.0	-$30.0	$57.0	-65.5%
Grand Total	**$15,939.3**	**$16,239.9**	**$17,072.9**	**$132.8**	**$17,205.6**	**$965.7**	***5.9%***

[1] The General Assembly reduced the allowance by $132.8 million but provided authorization for those funds to be used for a variety of purposes. However, spending the $132.8 million is at the discretion of the Governor.
[2] Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2016 working appropriation includes $207.3 million in deficiencies and $371.6 million in targeted reversions.

Exhibit A-1.14 (Continued)
State Expenditures – Special and Higher Education Funds*
($ in Millions)

Category	Actual FY 2015	Working Approp. FY 2016	Legislative Approp. FY 2017	Legislative Add Backs [(1)] FY 2017	Adjusted Leg. Appr. FY 2017	FY 2016 to 2017 $ Change	FY 2016 to 2017 % Change
Debt Service	$1,124.0	$1,149.6	$1,202.6	$0.0	$1,202.6	$52.9	4.6%
County/Municipal	257.4	278.8	340.8	0.0	340.8	62.0	22.2%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	386.8	387.9	458.8	0.0	458.8	71.0	18.3%
Health	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	***$644.2***	***$666.7***	***$799.6***	***$0.0***	***$799.6***	***$133.0***	***19.9%***
Foster Care Payments	$2.2	$4.8	$2.2	$0.0	$2.2	-$2.6	-53.8%
Assistance Payments	6.4	16.6	13.3	0.0	13.3	-3.3	-19.9%
Medical Assistance	1,031.1	998.5	946.8	0.0	946.8	-51.7	-5.2%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	***$1,039.8***	***$1,020.0***	***$962.3***	***$0.0***	***$962.3***	***-$57.6***	***-5.7%***
Health	$394.4	$488.4	$517.5	$0.0	$517.5	$29.1	6.0%
Human Resources	81.4	90.6	97.9	0.0	97.9	7.4	8.1%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Juvenile Services	3.7	4.9	3.9	0.0	3.9	-1.0	-21.2%
Public Safety/Police	214.6	221.7	220.9	0.0	220.9	-0.8	-0.3%
Higher Education	4,029.0	4,208.2	4,290.0	0.0	4,290.0	81.8	1.9%
Other Education	52.7	60.0	66.7	0.0	66.7	6.7	11.2%
Transportation	1,762.4	1,767.3	1,805.3	0.0	1,805.3	38.0	2.2%
Agriculture/Natural Resources/Environment	205.8	253.3	278.2	0.0	278.2	24.9	9.8%
Other Executive Agencies	615.9	687.4	717.7	3.3	721.0	33.6	4.9%
Judiciary	58.4	64.7	59.3	0.0	59.3	-5.4	-8.4%
Legislative	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Across-the-board Cuts	0.0	0.0	-5.0	0.0	-5.0	-5.0	n/a
State Agencies	***$7,418.3***	***$7,846.4***	***$8,052.5***	***$3.3***	***$8,055.8***	***$209.4***	***2.7%***
Deficiencies (for prior years)	$0.0	-$5.5	$0.0	$0.0	$0.0	$5.5	-100.0%
Total Operating	**$10,226.2**	**$10,677.2**	**$11,017.0**	**$3.3**	**$11,020.3**	**$343.1**	**3.2%**
Capital	$1,530.8	$1,834.7	$1,941.3	$24.0	$1,965.3	$130.7	7.1%
– Transportation	1,283.1	1,580.3	1,627.4	24.0	1,651.4	71.1	4.5%
– Environment	196.5	193.3	210.1	0.0	210.1	16.7	8.7%
– Other	51.3	61.0	103.8	0.0	103.8	42.8	70.3%
Grand Total	**$11,757.0**	**$12,511.9**	**$12,958.3**	**$27.3**	**$12,985.6**	**$473.7**	**3.8%**

[(1)] The General Assembly reduced the allowance by $27.3 million but provided authorization for those funds to be used for a variety of purposes. However, spending the $27.3 million is at the discretion of the Governor.

* Includes higher education fund (current unrestricted and current restricted) net of general and special funds.

Note: The fiscal 2016 working appropriation reflects deficiencies of -$6.8 million.

Exhibit A-1.14 (Continued)
State Expenditures – Federal Funds
($ in Millions)

Category	Actual FY 2015	Working Approp. FY 2016	Legislative Approp. FY 2017	FY 2016 to 2017 $ Change	FY 2016 to 2017 % Change
Debt Service	$11.5	$11.5	$11.5	$0.1	0.5%
County/Municipal	67.4	65.9	65.9	0.0	0.0%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	792.9	847.6	936.8	89.2	10.5%
Health	4.5	4.5	4.5	0.0	0.0%
Aid to Local Governments	***$864.8***	***$917.9***	***$1,007.1***	***$89.2***	***9.7%***
Foster Care Payments	$81.0	$98.7	$82.3	-$16.4	-16.6%
Assistance Payments	1,268.1	1,259.5	1,255.6	-4.0	-0.3%
Medical Assistance	5,736.7	5,929.8	6,029.4	99.6	1.7%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	***$7,085.8***	***$7,288.0***	***$7,367.3***	***$79.3***	***1.1%***
Health	$891.8	$946.6	$975.6	$28.9	3.1%
Human Resources	486.5	494.9	501.3	6.5	1.3%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	7.9	7.4	4.8	-2.5	-34.3%
Public Safety/Police	34.2	37.4	42.5	5.2	13.9%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	271.4	246.0	252.9	6.9	2.8%
Transportation	89.8	96.6	97.2	0.7	0.7%
Agriculture/Natural Resources/ Environment	64.4	69.8	66.0	-3.8	-5.4%
Other Executive Agencies	534.4	571.6	620.8	49.2	8.6%
Judiciary	1.0	1.2	0.2	-1.1	-86.7%
Across-the-board Cuts	0.0	0.0	0.0	0.0	n/a
State Agencies	***$2,381.4***	***$2,471.3***	***$2,561.3***	***$90.0***	***3.6%***
Total Operating	**$10,343.5**	**$10,688.7**	**$10,947.3**	**$258.5**	**2.4%**
Capital	$741.2	$810.4	$1,093.6	$283.2	34.9%
– Transportation	674.4	705.5	1,020.4	314.9	44.6%
– Environment	41.3	44.9	44.3	-0.5	-1.2%
– Other	25.5	60.0	28.9	-31.1	-51.9%
Grand Total	**$11,084.7**	**$11,499.1**	**$12,040.8**	**$541.7**	**4.7%**

Note: The fiscal 2016 working appropriation includes $10.3 million in deficiencies.

Exhibit A-1.14 (Continued)
State Expenditures – State Funds
($ in Millions)

Category	Actual FY 2015	Working Approp. FY 2016	Legislative Approp. FY 2017	Legislative Add Backs [(1)] FY 2017	Adjusted Legislative Approp. FY 2017	FY 2016 to 2017 $ Change	FY 2016 to 2017 % Change
Debt Service	$1,264.0	$1,402.0	$1,485.6	$0.0	$1,485.6	$83.5	6.0%
County/Municipal	504.4	533.5	605.9	1.0	606.9	73.4	13.8%
Community Colleges	290.3	297.5	314.3	0.0	314.3	16.9	5.7%
Education/Libraries	6,154.1	6,215.4	6,384.2	25.4	6,409.6	194.2	3.1%
Health	41.7	45.7	49.5	0.0	49.5	3.8	8.4%
Aid to Local Governments	***$6,990.5***	***$7,092.0***	***$7,353.8***	***$26.4***	***$7,380.2***	***$288.2***	***4.1%***
Foster Care Payments	$188.3	$190.1	$180.0	$0.0	$180.0	-$10.0	-5.3%
Assistance Payments	79.5	78.5	81.5	1.0	82.5	4.0	5.1%
Medical Assistance	3,796.4	3,644.9	3,873.3	15.1	3,888.4	243.5	6.7%
Property Tax Credits	76.0	81.5	85.7	0.0	85.7	4.3	5.2%
Entitlements	***$4,140.2***	***$3,994.9***	***$4,220.6***	***$16.1***	***$4,236.7***	***$241.8***	***6.1%***
Health	$1,686.4	$1,804.7	$1,892.3	$3.4	$1,895.7	$91.1	5.0%
Human Resources	442.6	449.6	478.4	0.0	478.4	28.8	6.4%
Children's Cabinet Interagency Fund	20.6	22.5	20.7	0.0	20.7	-1.8	-8.0%
Juvenile Services	278.4	277.4	288.4	0.0	288.4	11.0	4.0%
Public Safety/Police	1,622.4	1,700.9	1,726.8	0.0	1,726.8	25.9	1.5%
Higher Education	5,316.8	5,557.1	5,676.5	0.0	5,676.5	119.4	2.1%
Other Education	441.1	471.5	491.2	2.9	494.1	22.6	4.8%
Transportation	1,762.4	1,767.3	1,805.3	0.0	1,805.3	38.0	2.2%
Agriculture/Natural Resources/ Environment	337.3	366.7	398.8	0.0	398.8	32.1	8.8%
Other Executive Agencies	1,269.9	1,360.7	1,489.5	4.3	1,493.8	133.1	9.8%
Judiciary	484.1	517.6	541.0	0.0	541.0	23.3	4.5%
Legislative	82.3	84.5	87.6	0.0	87.6	3.1	3.7%
Across-the-board Cuts	0.0	-0.2	-25.0	0.0	-25.0	-24.8	n/a
State Agencies	***$13,744.4***	***$14,380.3***	***$14,871.6***	***$10.6***	***$14,882.2***	***$501.9***	***3.5%***
Deficiencies (for prior years)	$0.0	$35.9	$0.0	$0.0	$0.0	-$35.9	-100.0%
Total Operating	**$26,139.1**	**$26,905.1**	**$27,931.6**	**$53.1**	**$27,984.7**	**$1,079.6**	**4.0%**
Capital [(2)]	$1,542.3	$1,861.2	$1,974.2	$107.0	$2,081.2	$220.0	11.8%
– Transportation	1,283.1	1,580.3	1,627.4	24.0	1,651.4	71.1	4.5%
– Environment	197.5	193.7	210.3	9.8	220.1	26.3	13.6%
– Other	61.8	87.1	136.5	73.2	209.7	122.6	140.8%
Subtotal	***$27,681.5***	***$28,766.3***	***$29,905.8***	***$160.1***	***$30,065.9***	***$1,299.6***	***4.5%***
Reserve Funds	$14.8	$72.5	$155.4	$0.0	$155.4	$82.9	114.3%
Appropriations	**$27,696.2**	**$28,838.8**	**$30,061.2**	**$160.1**	**$30,221.2**	**$1,382.5**	**4.8%**
Reversions	$0.0	-$87.0	-$30.0	$0.0	-$30.0	$57.0	-65.5%
Grand Total	**$27,696.2**	**$28,751.8**	**$30,031.2**	**$160.1**	**$30,191.2**	**$1,439.5**	**5.0%**

[(1)] The General Assembly reduced the allowance by $160.1 million but provided authorization for those funds to be used for a variety of purposes. However, spending the $160.1 million is at the discretion of the Governor.
[(2)] Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2016 working appropriation includes $200.5 million in deficiencies and $371.6 million in targeted reversions.

Exhibit A-1.14 (Continued)
State Expenditures – All Funds
($ in Millions)

Category	Actual FY 2015	Working Approp. FY 2016	Legislative Approp. FY 2017	Legislative Add Backs FY 2017 [(1)]	Adjusted Legislative Approp. FY 2017	FY 2016 to 2017 $ Change	FY 2016 to 2017 % Change
Debt Service	$1,275.4	$1,413.5	$1,497.1	$0.0	$1,497.1	$83.6	5.9%
County/Municipal	571.9	599.3	671.7	1.0	672.7	73.4	12.2%
Community Colleges	290.3	297.5	314.3	0.0	314.3	16.9	5.7%
Education/Libraries	6,946.9	7,063.0	7,320.9	25.4	7,346.3	283.4	4.0%
Health	46.2	50.2	54.0	0.0	54.0	3.8	7.6%
Aid to Local Governments	***$7,855.3***	***$8,009.9***	***$8,360.9***	***$26.4***	***$8,387.3***	***$377.4***	***4.7%***
Foster Care Payments	$269.3	$288.7	$262.3	$0.0	$262.3	-$26.4	-9.1%
Assistance Payments	1,347.6	1,338.0	1,337.1	1.0	1,338.1	0.1	0.0%
Medical Assistance	9,533.1	9,574.7	9,902.8	15.1	9,917.8	343.1	3.6%
Property Tax Credits	76.0	81.5	85.7	0.0	85.7	4.3	5.2%
Entitlements	***$11,226.1***	***$11,282.9***	***$11,587.9***	***$16.1***	***$11,603.9***	***$321.1***	***2.8%***
Health	$2,578.3	$2,751.3	$2,867.8	$3.4	$2,871.3	$120.0	4.4%
Human Resources	929.1	944.4	979.7	0.0	979.7	35.3	3.7%
Children's Cabinet Interagency Fund	20.6	22.5	20.7	0.0	20.7	-1.8	-8.0%
Juvenile Services	286.3	284.7	293.2	0.0	293.2	8.5	3.0%
Public Safety/Police	1,656.6	1,738.3	1,769.3	0.0	1,769.3	31.1	1.8%
Higher Education	5,316.8	5,557.1	5,676.5	0.0	5,676.5	119.4	2.1%
Other Education	712.5	717.5	744.2	2.9	747.0	29.5	4.1%
Transportation	1,852.3	1,863.9	1,902.6	0.0	1,902.6	38.7	2.1%
Agriculture/Natural Resources/ Environment	401.6	436.5	464.8	0.0	464.8	28.3	6.5%
Other Executive Agencies	1,804.3	1,932.3	2,110.3	4.3	2,114.6	182.3	9.4%
Judiciary	485.1	518.8	541.1	0.0	541.1	22.3	4.3%
Legislative	82.3	84.5	87.6	0.0	87.6	3.1	3.7%
Across-the-board Cuts	0.0	-0.2	-25.0	0.0	-25.0	-24.8	n/a
State Agencies	***$16,125.9***	***$16,851.7***	***$17,433.0***	***$10.6***	***$17,443.6***	***$591.9***	***3.5%***
Deficiencies (for prior years)	$0.0	$35.9	$0.0	$0.0	$0.0	-$35.9	-100.0%
Total Operating	**$36,482.7**	**$37,593.9**	**$38,878.9**	**$53.1**	**$38,931.9**	**$1,338.1**	**3.6%**
Capital [(2)]	$2,283.5	$2,671.5	$3,067.8	$107.0	$3,174.8	$503.2	18.8%
– Transportation	1,957.5	2,285.8	2,647.8	24.0	2,671.8	386.0	16.9%
– Environment	238.8	238.6	254.6	9.8	264.4	25.8	10.8%
– Other	87.3	147.1	165.4	73.2	238.6	91.5	62.2%
Subtotal	***$38,766.2***	***$40,265.4***	***$41,946.6***	***$160.1***	***$42,106.7***	***$1,841.3***	***4.6%***
Reserve Funds	$14.8	$72.5	$155.4	$0.0	$155.4	$82.9	114.3%
Appropriations	**$38,781.0**	**$40,337.9**	**$42,102.0**	**$160.1**	**$42,262.1**	**$1,924.2**	**4.8%**
Reversions	$0.0	-$87.0	-$30.0	$0.0	-$30.0	$57.0	-65.5%
Grand Total	**$38,781.0**	**$40,250.9**	**$42,072.0**	**$160.1**	**$42,232.1**	**$1,981.2**	**4.9%**

(1) The General Assembly reduced the allowance by $160.1 million but provided authorization for those funds to be used for a variety of purposes. However, spending the $160.1 million is at the discretion of the Governor.
(2) Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2016 working appropriation includes $210.8 million in deficiencies and $371.6 million in targeted reversions.

Capital Budget

The 2016 General Assembly passed a fiscal 2017 capital program totaling $4.369 billion, including $2.807 billion for the transportation program but excluding deficiencies that effect fiscal 2016. Apart from transportation, the program totals $1.572 billion: $1.005 billion is funded with general obligation (GO) bonds authorized in the Maryland Consolidated Capital Bond Loan (MCCBL) of 2016, the 2016 capital budget ***Senate Bill 191 (Ch. 27)***; $4.680 million is funded with Qualified Zone Academy Bonds (QZAB) authorized in ***Senate Bill 379 (passed)***; $538.0 million is funded on a pay-as-you-go (PAYGO) basis in the operating budget; and $24.5 million is funded with Academic Revenue Bonds (ARB) for University System of Maryland (USM) facilities authorized in ***Senate Bill 280 (passed)***.

Exhibit A-2.1 provides a summary of the capital program by uses and sources, **Exhibit A-2.2** presents an overview of the State's capital program for fiscal 2017, **Exhibit A-2.3** provides a detailed list of capital projects and programs by function and fund source, and **Exhibit A-2.4** provides the individual legislative initiative projects funded in the MCCBL of 2016. The MCCBL of 2016 includes funding for:

- State facilities, including colleges and universities, hospitals, Department of Disabilities accessibility modifications, correctional facilities, Department of the Military facilities, and the public safety communication system;

- grants to local governments for public school construction, community college facilities, and local detention centers;

- health and social services facilities, such as juvenile services facilities, community health and addiction facilities, and low-income housing;

- environmental programs, such as the Chesapeake Bay Water Quality programs, Community Parks and Playgrounds, Program Open Space (POS), Maryland Agricultural Land Preservation and Tobacco Transition programs, and Drinking and Stormwater programs; and

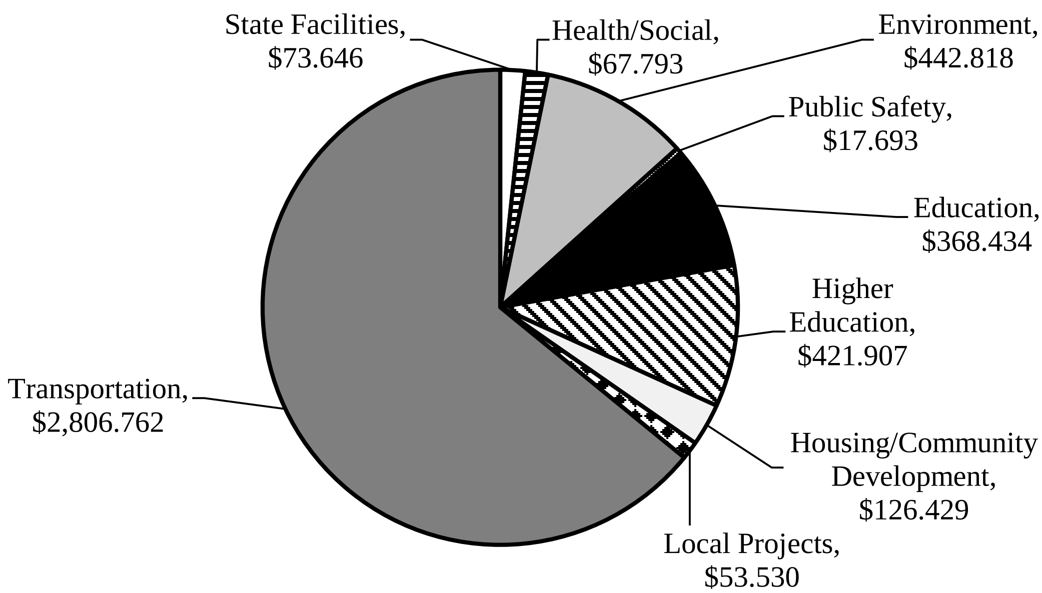
- local projects and legislative initiatives.

Exhibit A-2.1

Fiscal 2017 Capital Program Uses and Sources

($ in Millions)

Uses



Sources

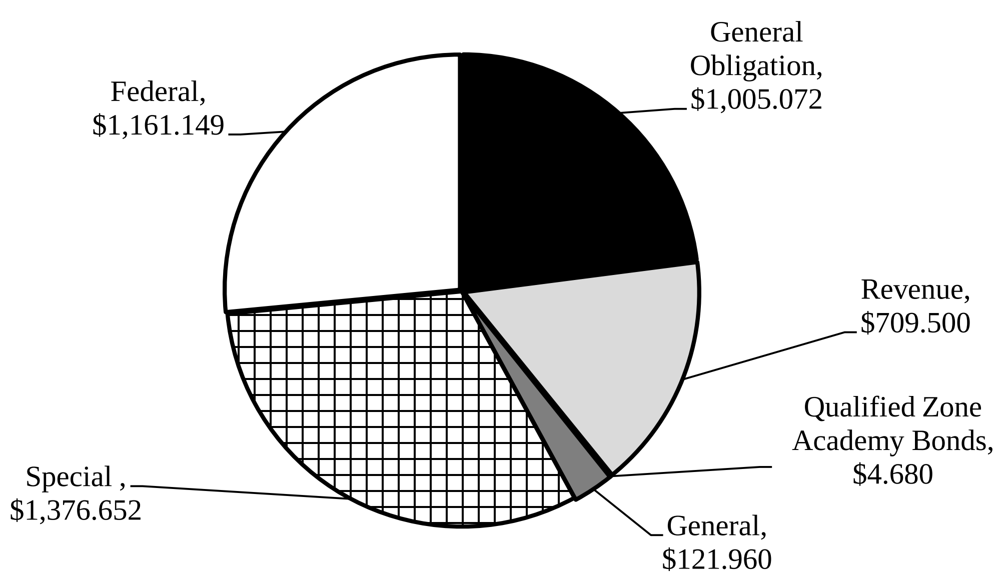


Exhibit A-2.2
Capital Program Summary for the 2016 Session
($ in Millions)

Function	Bonds: GO	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total
State Facilities						**$73.7**
Facilities Renewal	$1.7	$0.0	$15.0	$0.0	$0.0	
State Facilities Other	41.2	0.0	11.4	0.0	4.3	
Health/Social						**$67.8**
Health Other	8.9	0.0	0.0	0.0	0.0	
Health State Facilities	15.9	0.0	0.0	0.0	0.0	
Private Hospitals	43.0	0.0	0.0	0.0	0.0	
Environment						**$442.8**
Agriculture	0.8	0.0	6.0	22.2	0.0	
Energy	0.0	0.0	0.0	2.7	1.0	
Environment	28.0	0.0	10.0	210.1	44.3	
MD Environmental Services	24.8	0.0	0.0	0.0	0.0	
Natural Resources	10.8	0.0	0.0	74.3	7.9	
Public Safety						**$17.7**
Local Jails	2.9	0.0	0.0	0.0	0.0	
State Corrections	7.7	0.0	6.6	0.0	0.0	
State Police	0.6	0.0	0.0	0.0	0.0	
Education						**$363.7**
Education Other	34.1	0.0	0.0	0.0	0.0	
School Construction	323.5	0.0	6.1	0.0	0.0	
Higher Education						**$421.9**
Community Colleges	59.6	0.0	0.0	0.0	0.0	
Morgan State Univ.	40.4	0.0	0.0	0.0	0.0	
Private Colleges/Universities	9.6	0.0	0.0	0.0	0.0	
St. Mary's College of Maryland	2.7	0.0	0.0	0.0	1.7	
University System	283.3	24.5	0.0	0.0	0.0	
Housing and Community Development						**$126.5**
Housing	7.5	0.0	57.9	31.7	15.7	
Housing Other	4.6	0.0	9.0	0.2	0.0	

	Bonds		Current Funds (PAYGO)			
Function	**GO**	**Revenue**	**General**	**Special**	**Federal**	**Total**
Local Projects						**$53.5**
Local Projects Administration	13.2	0.0	0.0	0.0	0.0	
Local Projects Legislative	40.3	0.0	0.0	0.0	0.0	
De-authorizations						**-$10.1**
De-authorizations	-8.6	0.0	0.0	0.0	0.0	
De-authorizations Other	-1.5	0.0	0.0	0.0	0.0	
Total	**$995.0**	**$24.5**	**$122.0**	**$341.1**	**$74.9**	**$1,557.5**
Fiscal 2016 Deficiencies	**$0.0**	**$0.0**	**$0.0**	**$1.1**	**$0.0**	**$1.1**
Transportation CTP	**$0.0**	**$685.0**	**$0.0**	**$1,035.6**	**$1,086.2**	**$2,806.8**
Qualified Zone Academy Bonds	**$4.7**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$4.7**
Grand Total	**$999.7**	**$709.5**	**$122.0**	**$1,377.8**	**$1,161.1**	**$4,370.2**

CTP: *Consolidated Transportation Program*
GO: general obligation
PAYGO: pay-as-you-go

Exhibit A-2.3
Capital Program for the 2016 Session

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	State Facilities						
D55P04A	DVA: Cemetery Program	$0	$0	$2,180,000	$0	$0	$2,180,000
DA0201A	MDOD: Accessibility Modifications	750,000	0	0	0	0	750,000
DE0201A	BPW: Facilities Renewal Fund	0	0	15,000,000	0	0	15,000,000[1]
DE0201B	BPW: Fuel Storage Tank Replacement Program	1,700,000	0	0	0	0	1,700,000
DE0201C	BPW: Annapolis Post Office	750,000	0	0	0	0	750,000
DE0201D	BPW: New Catonsville District Court	28,501,000	0	0	0	0	28,501,000
DE0201E	BPW: Salisbury District Court Multi-Service Center	400,000	0	0	0	0	400,000
DH0104A	MD: Havre de Grace Readiness Center	4,115,000	0	0	0	2,158,000	6,273,000
DH0104B	MD: Freedom Readiness Center	0	0	0	0	2,171,000	2,171,000
DH0104C	MD: Easton Readiness Center	771,000	0	0	0	0	771,000
FB04A	DoIT: Public Safety Communications System	5,810,000	0	9,190,000	0	0	15,000,000[1]
RP00A	MPBC: Maryland Public Television Transmission Systems Replacement	150,000	0	0	0	0	150,000
	Subject Category Subtotal	***$42,947,000***	***$0***	***$26,370,000***	***$0***	***$4,329,000***	***$73,646,000***

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	Health/Social						
DA0701A	MDOA: Senior Centers Capital Grant Program	$1,680,000	$0	$0	$0	$0	$1,680,000
MA01A	DHMH: Community Health Facilities Grant Program	4,758,000	0	0	0	0	4,758,000
MA01B	DHMH: Federally Qualified Health Centers Grant Program	2,500,000	0	0	0	0	2,500,000
MA01C	DHMH: Rosewood Property Abatement	700,000	0	0	0	0	700,000
RQ00A	UMMS: Capital Infrastructure Improvements	4,000,000	0	0	0	0	4,000,000
RQ00B	UMMS: R Adams Cowley Shock Trauma Center Phase II	5,250,000	0	0	0	0	5,250,000
VE01A	DJS: New Female Detention Center	15,168,000	0	0	0	0	15,168,000
ZA00O	MISC: Sinai Hospital of Baltimore	2,000,000	0	0	0	0	2,000,000
ZA00N	MISC: Prince George’s Hospital System	27,500,000	0	0	0	0	27,500,000
ZA01A	MHA: Adventist Behavioral Health and Wellness	392,000	0	0	0	0	392,000
ZA01B	MHA: Anne Arundel Health System	500,000	0	0	0	0	500,000
ZA01C	MHA: Doctors Community Hospital	500,000	0	0	0	0	500,000
ZA01D	MHA: Edward W. McCready Hospital	239,000	0	0	0	0	239,000
ZA01E	MHA: Medstar Franklin Square Hospital	877,000	0	0	0	0	877,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA01F	MHA: Medstar Montgomery Medical Center	300,000	0	0	0	0	300,000
ZA01G	MHA: Shady Grove Medical Center	279,000	0	0	0	0	279,000
ZA01H	MHA: University of Maryland Rehabilitation and Orthopedic Institute	150,000	0	0	0	0	150,000
ZA01I	MHA: University of Maryland, St. Joseph Medical Center	1,000,000	0	0	0	0	1,000,000
	Subject Category Subtotal	***$67,793,000***	***$0***	***$0***	***$0***	***$0***	***$67,793,000***
	Environment						
DA1302	MEA: Jane E. Lawton Loan Program	$0	$0	$0	$1,500,000	$0	$1,500,000
DA1303	MEA: State Agency Loan Program	0	0	0	1,200,000	1,000,000	2,200,000
KA0510A	DNR: Natural Resources Development Fund	0	0	0	3,062,000	0	3,062,000
KA0510B	DNR: Critical Maintenance Projects	0	0	0	6,000,696	0	6,000,696
KA0510C	DNR: POS – Stateside	0	0	0	19,368,428	5,750,000	25,118,428
KA0510D	DNR: POS – Local	0	0	0	21,690,973	0	21,690,973
KA05A	DNR: Community Parks and Playgrounds	2,500,000	0	0	0	0	2,500,000
KA05B	DNR: Rural Legacy Program	5,000,000	0	0	12,663,385	0	17,663,385
KA0906A	DNR: Ocean City Beach Maintenance	0	0	0	1,000,000	0	1,000,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
KA1102A	DNR: Waterway Improvement Program	0	0	0	10,500,000	2,100,000	12,600,000
KA1701A	DNR: Oyster Restoration Program	3,300,000	0	0	0	0	3,300,000
LA1111	MDA: Agricultural Land Preservation Program	0	0	0	21,227,744	0	21,227,744
LA1205A	MDA: Salisbury Animal Health Laboratory Replacement	750,000	0	0	0	0	750,000
LA1213	MDA: Tobacco Transition Program	0	0	0	1,000,000	0	1,000,000
LA15A	MDA: Maryland Agricultural Cost-Share Program	0	0	6,000,000	0	0	6,000,000[1]
UA0104	MDE: Hazardous Substance Cleanup Program	0	0	200,000	0	0	200,000
UA0111	MDE: Bay Restoration Fund Wastewater Projects	0	0	0	80,000,000	0	80,000,000
UA0112	MDE: Bay Restoration Fund Septic System Program	0	0	0	14,000,000	0	14,000,000
UA0114	MDE: Energy-Water Infrastructure Program	0	0	0	16,200,000	0	16,200,000
UA01A	MDE: Biological Nutrient Removal Program	25,000,000	0	0	0	0	25,000,000
UA01B	MDE: Maryland Drinking Water Revolving Loan Fund	0	0	3,003,000	10,638,000	10,359,000	24,000,000[2]
UA01C	MDE: Maryland Water Quality Revolving Loan Fund	0	0	6,792,000	89,248,000	33,960,000	130,000,000[2]
UA01D	MDE: Mining Remediation Program	500,000	0	0	0	0	500,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
UA01E	MDE: Water Supply Financial Assistance Program	2,480,000	0	0	0	0	2,480,000
UB00A	MES: Infrastructure Improvement Fund	24,825,000	0	0	0	0	24,825,000
	Subject Category Subtotal	***$64,355,000***	***$0***	***$15,995,000***	***$309,299,226***	***$53,169,000***	***$442,818,226***
	Public Safety						
QR0201A	DPSCS: Perimeter Security Improvements	$1,042,000	$0	$0	$0	$0	$1,042,000
QR0202A	DPSCS: Housing Unit Windows and Heating Systems Replacement	655,000	0	0	0	0	655,000
QS0101A	DPSCS: Jessup Region Electrical Infrastructure Upgrade	382,000	0	0	0	0	382,000
QS0208A	DPSCS: Hot Water and Steam System Improvements	1,945,000	0	0	0	0	1,945,000
QT04A	DPSCS: Demolition of Buildings at the Baltimore City Correctional Complex	0	0	6,581,000	0	0	6,581,000[1]
QT04C	DPSCS: New Youth Detention Center	3,647,000	0	0	0	0	3,647,000
WA01	DSP: New Cumberland Barrack and Garage	550,000	0	0	0	0	550,000
ZB02A	DPSCS: Montgomery County Pre-Release Center	403,000	0	0	0	0	403,000
ZB02B	DPSCS: Prince George's County Correctional Center	2,488,000	0	0	0	0	2,488,000
	Subject Category Subtotal	***$11,112,000***	***$0***	***$6,581,000***	***$0***	***$0***	***$17,693,000***

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	Education						
DE0202A	BPW: Aging Schools Program	$0	$0	$6,109,000	$0	$0	$6,109,000[1]
DE0202B	BPW: Public School Construction Program	280,000,000	0	0	0	0	280,000,000
DE0202C	BPW: Nonpublic Aging Schools Program	3,500,000	0	0	0	0	3,500,000
DE0202D	BPW: Supplemental Capital Grant Program for Local School Systems	40,000,000	0	0	0	0	40,000,000
RA01A	MSDE: Public Library Capital Grant Program	5,000,000	0	0	0	0	5,000,000
RA01B	MSDE: State Library Resource Center	26,410,000	0	0	0	0	26,410,000
RE01A	MSD: Water Main Replacement Project	2,735,000	0	0	0	0	2,735,000
	Subject Category Subtotal	***$357,645,000***	***$0***	***$6,109,000***	***$0***	***$0***	***$363,754,000***
	Higher Education						
RB21A	UMB: Central Electric Substation and Electrical Infrastructure Upgrades	$4,000,000	$0	$0	$0	$0	$4,000,000
RB21B	UMB: Health Sciences Research Facility III and Surge Building	81,000,000	0	0	0	0	81,000,000
RB22A	UMCP: A. James Clark Hall – New Bioengineering Building	62,455,000	7,500,000	0	0	0	69,955,000
RB22B	UMCP: Brendan Iribe Center for Computer Science and Innovation	27,000,000	0	0	0	0	27,000,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
RB22C	UMCP: Edward St. John Learning and Teaching Center	5,100,000	0	0	0	0	5,100,000
RB22D	UMCP: New Cole Field House	3,000,000	0	0	0	0	3,000,000
RB23A	BSU: New Natural Sciences Center	31,501,000	0	0	0	0	31,501,000
RB24A	TU: New Science Facility	6,150,000	0	0	0	0	6,150,000
RB25A	UMES: School of Pharmacy and Allied Health Professions	3,500,000	0	0	0	0	3,500,000
RB26A	FSU: Education Professions and Health Sciences Center	2,500,000	0	0	0	0	2,500,000
RB28A	UB: Langsdale Library	9,300,000	0	0	0	0	9,300,000
RB29A	SU: Sea Gull Stadium	425,000	0	0	0	0	425,000
RB31A	UMBC: Interdisciplinary Life Sciences Building	7,640,000	0	0	0	0	7,640,000
RB36A	USMO: Southern Maryland Regional Higher Education Facility	3,061,000	0	0	0	0	3,061,000
RB36B	USMO: Capital Facilities Renewal Program	0	17,000,000	0	0	0	17,000,000
RB36C	USMO: Shady Grove Educational Center – Biomedical Sciences and Engineering Education Building	36,700,000	0	0	0	0	36,700,000
RC00A	BCCC: Liberty Campus Loop Road, Inner Loop and Entrance Improvements	248,000	0	0	0	0	248,000
RD00A	SMCM: Campus Infrastructure Improvements	900,000	0	0	0	1,741,000	2,641,000

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
RD00B	SMCM: New Academic Building and Auditorium	1,800,000	0	0	0	0	1,800,000
RI00A	MHEC: Community College Facilities Grant Program	59,386,000	0	0	0	0	59,386,000
RM00A	MSU: New Behavioral and Social Sciences Center	35,700,000	0	0	0	0	35,700,000
RM00B	MSU: New Student Services Support Building	4,700,000	0	0	0	0	4,700,000
ZA00H	MICUA: Capitol Technology University	1,600,000	0	0	0	0	1,600,000
ZA00I	MICUA: The Johns Hopkins University	4,000,000	0	0	0	0	4,000,000
ZA00J	MICUA: Maryland Institute College of Art	4,000,000	0	0	0	0	4,000,000
	Subject Category Subtotal	***$395,666,000***	***$24,500,000***	***$0***	***$0***	***$1,741,000***	***$421,907,000***
	Housing and Community Development						
DW0108A	MDP: Patterson Center Renovation	$327,000	$0	$0	$0	$0	$327,000
DW0108B	MDP: St. Leonard’s Creek Shoreline Erosion Control	3,091,000	0	0	0	0	3,091,000
DW0111A	MDP: African American Heritage Preservation Grant Program	1,000,000	0	0	0	0	1,000,000
DW0111B	MDP: Historical Preservation Loan Fund	150,000	0	0	150,000	0	300,000
DW0112	MDP: Sustainable Communities Tax Credit	0	0	9,000,000	0	0	9,000,000
SA2402A	DHCD: Community Development Block Grant Program	0	0	0	0	9,000,000	9,000,000

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
SA2402B	DHCD: Neighborhood Revitalization	0	0	21,500,000	0	0	21,500,000
SA24A	DHCD: Community Legacy Program	2,095,000	0	3,905,000	0	0	6,000,000[2]
SA24B	DHCD: Neighborhood Business Development Program	0	0	3,400,000	1,600,000	0	5,000,000[2]
SA24C	DHCD: Baltimore Regional Neighborhoods Initiative	1,361,199	0	1,500,000	0	0	2,861,199[2]
SA2514A	DHCD: MD-BRAC Preservation Loan Fund	0	0	0	3,500,000	0	3,500,000
SA25A	DHCD: Homeownership Programs	0	0	8,500,000	1,400,000	0	9,900,000[2]
SA25B	DHCD: Housing and Building Energy Programs	0	0	1,000,000	6,850,000	700,000	8,550,000[2]
SA25C	DHCD: Partnership Rental Housing Program	0	0	6,000,000	500,000	0	6,500,000[2]
SA25D	DHCD: Rental Housing Program	2,500,000	0	10,000,000	15,500,000	4,000,000	32,000,000[2]
SA25E	DHCD: Shelter and Transitional Housing Facilities Grant Program	1,500,000	0	0	0	0	1,500,000
SA25F	DHCD: Special Loan Programs	0	0	2,100,000	2,300,000	2,000,000	6,400,000[2]
	Subject Category Subtotal	***$12,024,199***	***$0***	***$66,905,000***	***$31,800,000***	***$15,700,000***	***$126,429,199***
	Local Projects						
DB01A	HSMCC: Dove Pier	$300,000	$0	$0	$0	$0	$300,000
DB01B	HSMCC: Visitor Center	155,000	0	0	0	0	155,000
ZA00A	MISC: Angel's Watch Shelter	750,000	0	0	0	0	750,000
ZA00B	MISC: Arthur Perdue Stadium	775,000	0	0	0	0	775,000

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
ZA00C	MISC: Center Stage	3,000,000	0	0	0	0	3,000,000
ZA00D	MISC: Charles E. Smith Life Communities	400,000	0	0	0	0	400,000
ZA00E	MISC: Chesapeake Bay Maritime Museum	250,000	0	0	0	0	250,000
ZA00F	MISC: Historic Annapolis	1,000,000	0	0	0	0	1,000,000
ZA00G	MISC: Kennedy Krieger Institute	1,750,000	0	0	0	0	1,750,000
ZA00K	MISC: Maryland Zoo in Baltimore	3,500,000	0	0	0	0	3,500,000
ZA00L	MISC: National Sailing Hall of Fame	1,000,000	0	0	0	0	1,000,000
ZA00M	MISC: Peale Center	400,000	0	0	0	0	400,000
ZA00P	MISC: Western Maryland Scenic Railroad	400,000	0	0	0	0	400,000
ZA00Q	MISC: Glen Burnie High School Field House and Concession Stand	1,000,000	0	0	0	0	1,000,000
ZA00R	MISC: Merriweather Post Pavilion	2,000,000	0	0	0	0	2,000,000
ZA00S	MISC: Community Action Council Food Bank Facility	200,000	0	0	0	0	200,000
ZA00T	MISC: Historic Sotterley Plantation	100,000	0	0	0	0	100,000
ZA00U	MISC: Eastern Family Resource Center	1,500,000	0	0	0	0	1,500,000
ZA00V	MISC: Baltimore County Streetscaping	5,000,000	0	0	0	0	5,000,000
ZA00W	MISC: Torah School of Greater Washington	200,000	0	0	0	0	200,000

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
ZA00X	MISC: Talmudical Academy Gymnasium	250,000	0	0	0	0	250,000
ZA00Y	MISC: Leadenhall Community Outreach Center	500,000	0	0	0	0	500,000
ZA00Z	MISC: Harbor Point Parks and Infrastructure	250,000	0	0	0	0	250,000
ZA00AA	MISC: Emergency Operations Center	250,000	0	0	0	0	250,000
ZA00AB	MISC: National Cryptologic Museum	1,000,000	0	0	0	0	1,000,000
ZA00AC	MISC: Sheppard Pratt at Elkridge	2,500,000	0	0	0	0	2,500,000
ZA00AD	MISC: YWCA of Annapolis and Anne Arundel County Domestic Violence Shelter	300,000	0	0	0	0	300,000
ZA00AE	MISC: Maryland Hall for the Creative Arts	750,000	0	0	0	0	750,000
ZA00AF	MISC: BARCO North Avenue Arts Building	500,000	0	0	0	0	500,000
ZA00AG	MISC: Innovative Center for Autonomous Systems	250,000	0	0	0	0	250,000
ZA00AH	MISC: Baltimore Food Hub	150,000	0	0	0	0	150,000
ZA00AI	MISC: Prince George’s County Public High School Athletic Facilities	2,700,000	0	0	0	0	2,700,000
ZA00AJ	MISC: Maryland SoccerPlex Fields	500,000	0	0	0	0	500,000
ZA00AK	MISC: Randallstown High School Infrastructure Improvements	500,000	0	0	0	0	500,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA00AL	MISC: Worthington Valley Roundabout	400,000	0	0	0	0	400,000
ZA00AM	MISC: Millford Mill High School Athletic Facilities Improvements	450,000	0	0	0	0	450,000
ZA00AN	MISC: Baltimore City Parks	1,500,000	0	0	0	0	1,500,000
ZA00AO	MISC: Reisterstown Community Cemetery Project	25,000	0	0	0	0	25,000
ZA00AP	MISC: Chesapeake Math and IT Academy Gymnasium	250,000	0	0	0	0	250,000
ZA00AQ	MISC: Baltimore Regional Education and Training Center	300,000	0	0	0	0	300,000
ZA00AR	MISC: Downtown Frederick Hotel and Conference Center	1,000,000	0	0	0	0	1,000,000
ZA00AS	MISC: Damascus High School Field Turf	75,000	0	0	0	0	75,000
ZA00AT	MISC: Franklin High School Infrastructure Improvements	450,000	0	0	0	0	450,000
ZA02	Local Senate Initiatives	7,500,000	0	0	0	0	7,500,000
ZA03	Local House Initiatives	7,500,000	0	0	0	0	7,500,000
	Subject Category Subtotal	***$53,530,000***	***$0***	***$0***	***$0***	***$0***	***$53,530,000***
	Current Year Non-transportation Total	**$1,005,072,199**	**$24,500,000**	**$121,960,000**	**$341,099,226**	**$74,939,000**	**$1,567,570,425**

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
	De-authorizations						
ZF00	De-authorizations as Introduced	-$8,572,199	$0	$0	$0	$0	-$8,572,199
ZF00A	Additional De-authorizations	-1,500,000	0	0	0	0	-1,500,000
	Subject Category Subtotal	**-$10,072,199**	**$0**	**$0**	**$0**	**$0**	**-$10,072,199**
	Adjusted Current Year Non-transportation Total	**$995,000,000**	**$24,500,000**	**$121,960,000**	**$341,099,226**	**$74,939,000**	**$1,557,498,226**
	Transportation CTP	**$0**	**$685,000,000**	**$0**	**$1,035,552,248**	**$1,086,210,000**	**$2,806,762,248**
	Qualified Zone Academy Bonds	**$4,680,000**	**$0**	**$0**	**$0**	**$0**	**$4,680,000**
	Current Year Total	**$999,680,000**	**$709,500,000**	**$121,960,000**	**$1,376,651,474**	**$1,161,149,000**	**$4,368,940,746**
	Fiscal 2016 Deficiencies						
KA0510B	DNR: Critical Maintenance Projects	$0	$0	$0	$1,100,000	$0	$1,100,000
D55P04A	DVA: Cemetery Program	0	0	26,000	0	0	26,000
	Subject Category Subtotal	***$0***	***$0***	***$26,000***	***$1,100,000***	***$0***	***$1,126,000***
	Adjusted Total	**$999,680,000**	**$709,500,000**	**$121,986,000**	**$1,377,751,474**	**$1,161,149,000**	**$4,370,066,474**

BCCC: Baltimore City Community College
BPW: Board of Public Works
BSU: Bowie State University
CTP: *Consolidated Transportation Program*
DHCD: Department of Housing and Community Development
DHMH: Department of Health and Mental Hygiene
DJS: Department of Juvenile Services
DNR: Department of Natural Resources
DPSCS: Department of Public Safety and Correctional Services
DoIT: Department of Information Technology
DSP: Department of State Police
DVA: Department of Veteran Affairs
FSU: Frostburg State University
HSMCC: Historic St. Mary's City Commission
MD: Military Department
MD-BRAC: Maryland Base Realignment and Closure
MDA: Maryland Department of Agriculture
MDE: Maryland Department of the Environment
MDOA: Maryland Department of Aging
MDOD: Maryland Department of Disabilities
MDP: Maryland Department of Planning
MEA: Maryland Energy Administration
MES: Maryland Environmental Service
MHA: Maryland Hospital Association
MHEC: Maryland Higher Education Commission
MICUA: Maryland Independent College and University Association
MISC: miscellaneous
MPBC: Maryland Public Broadcasting Commission
MSD: Maryland School for the Deaf
MSDE: Maryland State Department of Education
MSU: Morgan State University
PAYGO: pay-as-you-go
POS: Program Open Space
SMCM: St. Mary's College of Maryland
SU: Salisbury University
TU: Towson University
UB: University of Baltimore
UMB: University of Maryland, Baltimore
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park
UMES: University of Maryland Eastern Shore
UMMS: University of Maryland Medical System
USMO: University System of Maryland Office

[1] The general funds reflected are restricted appropriations in the State Reserve Fund (Program Y01A). Language allows the Governor to transfer these funds by budget amendment for the capital projects/programs specified.
[2] The general funds are included in the fiscal 2017 budget in Supplemental Budget No.3 in the Board of Public Works (Program D06E02.01 Public Works Capital Appropriation). As introduced, the funds were proposed to be used to support various higher education capital projects but were instead repurposed to support capital programs in DHCD and MDE that require the use of taxable general obligation bonds which cost more to service than the more traditional tax-exempt financing. The restrictive language allows the Governor to transfer the funds by budget amendment for the uses specified.

Note: Numbers may not sum to total due to rounding.

Exhibit A-2.4
Legislative Projects – 2016 Session

Project Title	Senate Initiative	House Initiative	Other	Total Funding	Match Requirements
Statewide					
Baltimore Museum of Industry		$200,000		$200,000	Soft (1)
Girl Scouts of Central Maryland Urban Program and STEM Center	$250,000			250,000	Soft (1)
Patriot Point	250,000	250,000		500,000	Hard
Port Discovery Children's Museum	300,000	200,000		500,000	Grant
Ulman Cancer Fund Home for Young Adult Cancer Patients and Caregivers	200,000			200,000	Soft (all)
Subtotal				***$1,650,000***	
Allegany					
Friends Aware Facility		$75,000		$75,000	Soft (all)
Frostburg Museum Relocation Project	$50,000	50,000		100,000	Soft (1)
Lefty Grove Statue	50,000	25,000		75,000	Soft (all)
Subtotal				***$250,000***	
Anne Arundel					
206 West Social Enterprise Project	$250,000			$250,000	Hard
Belvoir-Scott's Plantation Historic Manor House	75,000			75,000	Soft (2)
Broadneck High School Field House		$300,000		300,000	Grant
Downs Park Amphitheater	75,000			75,000	Soft (all)

Project Title	Senate Initiative	House Initiative	Other	Total Funding	Match Requirements
Glen Burnie High School Field House and Concession Stand			$1,000,000	1,000,000	Soft (all)
Historic Linthicum Walks		100,000		100,000	Soft (2)
Lake Shore Athletic Association	50,000			50,000	Hard
The Arc of the Central Chesapeake Region		300,000		300,000	Hard
William Brown House at Historic London Town		125,000		125,000	Soft (2, 3)
Woods Community Center	50,000	50,000		100,000	Hard
YWCA Domestic Violence Safe House Shelter	100,000		300,000	400,000	Hard
Subtotal				***$2,775,000***	
Baltimore City					
A Penn-North Initiative Youth Violence Prevention Center	$30,000			$30,000	Soft (3)
Baltimore Regional Education and Training Center	132,500		$300,000	432,500	Soft (all)
Berean Child Care Center	100,000	$60,000		160,000	Soft (1, 3)
Community Empowerment and Wellness Center		150,000		150,000	Soft (1, 2)
Creative Alliance Project		250,000		250,000	Soft (all)
Cylburn Arboretum Carriage House and Nature Museum		150,000		150,000	Soft (all)
Dr. Christina Phillips Community Center	150,000			150,000	Soft (1, 3)
Druid Hill Park at Auchentoroly Terrace		50,000		50,000	Hard
Garrett-Jacobs Mansion Access and Safety Project	50,000	50,000		100,000	Soft (2, 3)
Get Involved Community Center	50,000			50,000	Soft (all)
Harbor Point Parks and Infrastructure			250,000	250,000	Soft (1, 3)
Health Care for the Homeless Dental Clinic	17,500			17,500	Hard
International Black Fire Fighters Museum	50,000	200,000		250,000	Soft (2, 3)

Project Title	Senate Initiative	House Initiative	Other	Total Funding	Match Requirements
James Mosher Baseball League Field Enhancement	45,000			45,000	Soft (3)
Leadenhall Community Outreach Center			500,000	500,000	Soft (2, 3)
Lexington Market		350,000		350,000	Hard
Maryland State Boychoir ADA Improvements	125,000			125,000	Soft (2)
Multifamily Low-Income Housing Project		25,000		25,000	
Orchard Street Church	25,000			25,000	Soft (2)
Restoration Gardens 2		200,000		200,000	Hard
Sarah's Hope	25,000			25,000	Hard
Scottish Rite Temple Preservation and Restoration		150,000		150,000	Soft (all)
St. Francis Neighborhood Center		100,000		100,000	Soft (2)
Woodbourne Center Vocational Program	125,000			125,000	Hard
Subtotal				***$3,710,000***	
Baltimore					
Arbutus Volunteer Fire Department	$130,000			$130,000	Soft (all)
Baltimore Humane Society Animal Safety and Energy Efficiency Plan		$165,000		165,000	Soft (all)
Desert Storm, Operation Enduring Freedom, and Operation Iraqi Freedom Memorial	50,000	25,000		75,000	Soft (3)
Good Shepherd School	50,000	50,000		100,000	Soft (all)
HopeWell Cancer Support Center	50,000	50,000		100,000	Soft (3)
Irvine Nature Center Native American Village	50,000	100,000		150,000	Soft (all)
Jemicy School Lower and Middle School Campus Gymnasium	100,000	50,000		150,000	Soft (3)
Jewish Community Center of Baltimore – Gordon Center		100,000		100,000	Hard

Project Title	Senate Initiative	House Initiative	Other	Total Funding	Match Requirements
Limekilns and Log House Stabilization Project at Cromwell Valley Park		100,000		100,000	Soft (2, 3)
Morning Star Family Life Center	125,000	125,000		250,000	Soft (all)
Radebaugh Park	100,000	75,000		175,000	Soft (1)
Talmudical Academy Gymnasium			$250,000	250,000	Hard
Towson Manor Park		30,000		30,000	Hard
Subtotal				***$1,775,000***	
Caroline					
Sharp Road Community Park	$50,000	$50,000		$100,000	Soft (U, 2, 3)
Subtotal				***$100,000***	
Carroll					
Sykesville Freedom District Fire Department	$50,000			$50,000	Soft (1)
The Arc of Carroll County Building Renovation	100,000			100,000	Soft (2)
Subtotal				***$150,000***	
Cecil					
YMCA of Cecil County Outdoor Pool	$75,000	$25,000		$100,000	Hard
Subtotal				***$100,000***	
Charles					
Hospice House of Charles County		$150,000		$150,000	Soft (1, 2)
Indian Head Center for the Arts Renovation	$5,000	70,000		75,000	Soft (2)

Project Title	Senate Initiative	House Initiative	Other	Total Funding	Match Requirements
Maryland Veterans Memorial Museum Land Acquisition	245,000			245,000	Soft (all)
Subtotal				***$470,000***	
Dorchester					
Chesapeake Grove Senior Housing and Intergenerational Center	$50,000	$100,000		$150,000	Soft (1)
Dorchester County Family YMCA	100,000			100,000	Soft (3)
Subtotal				***$250,000***	
Frederick					
Brunswick Heritage Museum Building	$100,000			$100,000	Hard
Emergency Family Services Shelter	50,000			50,000	Soft (3)
Frederick Memorial Hospital Dental Clinic	50,000	$25,000		75,000	Soft (1, 3)
Helen Smith Studio	25,000			25,000	Soft (1, 2)
Tuscarora High School Concession Stand		45,000		45,000	Soft (all)
Subtotal				***$295,000***	
Garrett					
Emergency Operations Center			$250,000	$250,000	Soft (all)
Friendsville Veterans Memorial	$80,000	$20,000		100,000	Soft (2)
Subtotal				***$350,000***	

Project Title	Senate Initiative	House Initiative	Other	Total Funding	Match Requirements
Harford					
Aberdeen B & O Railroad Station	$50,000			$50,000	Soft (2)
American Indian First Contact Waterfront Heritage Park		$100,000		100,000	Soft (1, 2)
Center for the Visual and Performing Arts Amphitheater	100,000	100,000		200,000	Hard
Historical Society of Harford County Building Restoration	50,000			50,000	Soft (2, 3)
Rockfield Park Pavilion	116,000			116,000	Soft (2)
Subtotal				***$516,000***	
Howard					
Community Action Council Food Bank Facility	$100,000		$200,000	$300,000	Hard
Environmental Education Center Renovation and Expansion	250,000			250,000	Soft (all)
Huntington Park		$150,000		150,000	Soft (3)
Solomon's Lodge #121		20,000		20,000	Soft (1)
South Branch Park		100,000		100,000	Soft (3)
Vantage House Retirement Community Renovations	69,000			69,000	Soft (2)
Subtotal				***$889,000***	
Montgomery					
A Wider Circle Community Service Center	$125,000	$50,000		$175,000	Soft (2, 3)
Damascus High School Turf Field	75,000	50,000	$75,000	200,000	Hard
Easter Seals Inter-Generational Center	75,000	25,000		100,000	Hard
Friendship Heights Village Center	50,000	50,000		100,000	Hard
Homecrest House	75,000	45,000		120,000	Soft (2, 3)

Project Title	Senate Initiative	House Initiative	Other	Total Funding	Match Requirements
Jewish Community Center of Greater Washington Children's Playground	50,000	100,000		150,000	Hard
Jewish Foundation for Group Homes		50,000		50,000	Hard
Martin Luther King Jr. Recreational Park Improvements	100,000			100,000	Soft (2, 3)
Maryland SoccerPlex Fields	75,000		500,000	575,000	Soft (1, 2)
Maydale Nature Center	50,000	25,000		75,000	Soft (2, 3)
Melvin J. Berman Hebrew Academy	100,000			100,000	Soft (1, 2)
Montgomery Hospice Casey House		50,000		50,000	Hard
Noyes Children's Library Renovation and Expansion	100,000			100,000	Hard
Olde Towne Park Plaza	100,000	100,000		200,000	Hard
Olney Theatre Center		75,000		75,000	Soft (1)
Our House Youth Home		50,000		50,000	Hard
Rockville Swim and Fitness Center		100,000		100,000	Hard
Sandy Spring Museum		40,000		40,000	Hard
Torah School of Greater Washington			200,000	200,000	Soft (3)
Western Piedmont Trail Connectivity	50,000	55,000		105,000	Soft (1, 3)
Subtotal				***$2,665,000***	
Prince George's					
Accokeek Volunteer Fire Department	$150,000			$150,000	Soft (1)
American Legion Post 381 Annex	100,000			100,000	Soft (1)
Bishop McNamara High School Dining Hall and Student Center	75,000	$125,000		200,000	Soft (2, 3)
Camp Springs Elks Lodge No. 2332	20,000			20,000	Soft (2, 3)
Community Support Systems Food Pantry	10,000			10,000	Grant

Project Title	Senate Initiative	House Initiative	Other	Total Funding	Match Requirements
Elizabeth Seton High School Athletic Field	30,000			30,000	Grant
Fil-American Multicultural Center		100,000		100,000	Soft (1, 2)
Hillcrest Heights Community Center Pool		250,000		250,000	Soft (1)
Hollywood Streetscape	150,000			150,000	Hard
Joe’s Movement Emporium		50,000		50,000	Hard
Maryland Multicultural Youth Centers	75,000	125,000		200,000	Soft (2)
Mt. Ephraim Multipurpose Room	100,000			100,000	Soft (1)
Olde Mill Community and Teaching Center		75,000		75,000	Soft (1)
Piscataway Park	100,000			100,000	Soft (2, 3)
Port Towns Family Health and Wellness Center	120,000	100,000		220,000	Soft (U, 2)
Pyramid Atlantic Art Center	75,000	100,000		175,000	Hard
Tabernacle Church of Laurel Gymnasium	25,000			25,000	Soft (1)
The Arc of Prince George’s County	125,000	50,000		175,000	Hard
Subtotal				***$2,130,000***	
St. Mary’s					
Historic Sotterley Plantation			$100,000	$100,000	Soft (2, 3)
Subtotal				***$100,000***	
Washington					
Doey’s House	$100,000			$100,000	Hard
Robert W. Johnson Community Center		$50,000		50,000	Soft (2)
The Maryland Theatre	75,000			75,000	Hard
Subtotal				***$225,000***	

Project Title	Senate Initiative	House Initiative	Other	Total Funding	Match Requirements
Wicomico					
Habitat for Humanity of Wicomico County		$100,000		$100,000	Hard
Ward Museum of Wildfowl Art	$75,000	225,000		300,000	Hard
Subtotal				***$400,000***	
Worcester					
Delmarva Discovery Center and Museum	$75,000	$50,000		$125,000	Soft (1)
Subtotal				***$125,000***	
Grand Total:	**$7,500,000**	**$7,500,000**	**$3,925,000**	**$18,925,000**	

Match Key: 1 = Real Property; 2 = In-kind Contribution; 3 = Prior Expended Funds; U = Unequal Match

PAYGO Capital

In addition to GO debt, the State's capital program is funded with general, special, and federal funds appropriated in the operating budget referred to as PAYGO funds. Excluding transportation funding, the capital program uses $122.0 million of general funds, $341.1 million of special funds, and $75.0 million of federal funds. Total transportation PAYGO funding is $2.122 billion of special and federal funds. The use of PAYGO funds is generally restricted to capital grant and loan programs for which the use of tax-exempt debt is limited under federal tax guidelines, programs that are administered through the use of special nonlapsing funds for which revenue from principal and interest payments are used to support additional appropriations and in instances where federal funds assist in the capitalization of State revolving grant and loan fund programs.

The more recent fiscal situation has constrained the use of PAYGO general fund support for the capital program. However, following the December 2015 Board of Revenue Estimates upward revenue adjustments for both fiscal 2016 and 2017, the fiscal outlook improved enough that the Spending Affordability Committee (SAC) report for the 2016 session included a recommendation that if minimum fund balance and cash reserve requirements are met that general funds be dedicated to addressing the State's infrastructure needs while minimizing future debt service. To this end, the SAC recommendation included an exemption from the affordability calculation for PAYGO for programs and projects statutorily mandated or included in the 2015 five-year *Capital Improvement Program* (CIP) with priority given to programs and projects that are not eligible to receive bond proceeds from tax-exempt bonds.

Despite the SAC calculation exclusion, as introduced, the Governor's capital budget program included just $11.4 million of PAYGO general funds. Supplemental Budget No.2 programmed another $21.5 million for the Department of Housing and Community Development (DHCD) neighborhood revitalization programs of which $18.5 million was earmarked for the Governor's strategic demolition initiative in Baltimore City referred to as Project C.O.R.E. (Creating Opportunities for Renewal and Enterprise) and the remainder for strategic demolition projects throughout the State. The Governor further increased the amount of PAYGO general funds with the introduction of Supplemental Budget No.3, which provided another $46.2 million to fund various stages of design and construction for five higher education projects. The General Assembly repurposed these funds through budget language to support at the Governor's discretion programs in DHCD and the Maryland Department of the Environment that require the issuance of taxable bonds. In total, the Governor's budget plan included the use of $79.1 million in general fund PAYGO. The General Assembly further increased the amount of general fund PAYGO that could be used to support the capital program by restricting $42.9 million of general funds appropriated to the State Reserve Fund for specified capital programs and projects. As introduced by the Governor, those projects were proposed to be funded with GO bonds and will require action by the Governor to be spent. This repurposing increases the total amount of general fund PAYGO included in the capital program passed by the General Assembly to $122.0 million. **Exhibit A-2.5** reflects the general fund PAYGO as introduced by the Governor and the actions taken by the General Assembly to repurpose and enhance the total amount of funds available for the capital program.

Exhibit A-2.5
PAYGO General Funds
Fiscal 2017
($ in Millions)

	Governor	Final Passage	Final Funding Comment
As Introduced by Governor			
MDVA: Cemetery Program	$2.180	$2.180	
MDE: Hazardous Substance Cleanup Program	0.200	0.200	
MDP: Sustainable Communities Tax Credit	9.000	9.000	
Subtotal	***$11.380***	***$11.380***	
Supplemental No.2			
DHCD: Neighborhood Revitalization	$21.500	$21.500	$18.0 million earmarked for project C.O.R.E. and $3.0 million for statewide strategic demolition projects
Subtotal	***$21.500***	***$21.500***	
Supplemental No.3			
MSU: New Student Services Support Building	$4.700	$0.000	Funding fully replaced with GO bonds in fiscal 2017
CSU: Percy Julian Science Renovation for the College of Business	1.300	0.000	Pre-authorized $1.3 million for fiscal 2018
UMBC: Interdisciplinary Life Science Building	5.000	0.000	Funding fully replaced with GO bonds in fiscal 2017

	Governor	Final Passage	Final Funding Comment
UMES: School of Pharmacy and Allied Health Professions	3.500	0.000	Funding fully replaced with GO bonds in fiscal 2017
USMO: Biomedical Sciences and Engineering Education Facility at the Universities of Shady Grove	31.700	0.000	Funding fully replaced with GO bonds in fiscal 2017
DHCD: Community Legacy Program		3.905	Reprogrammed and restricted[1]
DHCD: Neighborhood Business Development Program		3.400	Reprogrammed and restricted[1]
DHCD: Baltimore Regional Neighborhood Initiative		1.500	Reprogrammed and restricted[1]
DHCD: Homeownership Programs		8.500	Reprogrammed and restricted[1]
DHCD: Housing and Building Energy Programs		1.000	Reprogrammed and restricted[1]
DHCD: Partnership Rental Housing Program		6.000	Reprogrammed and restricted[1]
DHCD: Rental Housing Program		10.000	Reprogrammed and restricted[1]
DHCD: Special Loan Programs		2.100	Reprogrammed and restricted[1]
MDE: Maryland Drinking Water Revolving Loan Fund		3.003	Reprogrammed and restricted[1]
MDE: Maryland Water Quality Revolving Loan Fund		6.792	Reprogrammed and restricted[1]
Subtotal	***$46.200***	***$46.200***	

Reserve Fund

	Governor	Final Passage	Final Funding Comment
BPW: Facilities Renewal Program	$0.000	$15.000	Restricted appropriation[1]
DoIT: Public Safety Communication System	0.000	9.190	Restricted appropriation[1]
MDA: Maryland Agricultural Cost-Share Program	0.000	6.000	Restricted appropriation[1]

	Governor	**Final Passage**	**Final Funding Comment**
DPSCS: Demolition of Buildings at the Baltimore City Correctional Complex	0.000	6.581	Restricted appropriation[1]
BPW: Aging Schools Program	0.000	6.109	Restricted appropriation[1]
Subtotal	***$0.000***	***$42.880***	***Restricted appropriation***
Grand Total	**$79.080**	**$121.960**	

BPW: Board of Public Works
C.O.R.E.: Creating Opportunities for Renewal and Enterprise
CSU: Coppin State University
DHCD: Department of Housing and Community Development
DoIT: Department of Information Technology
DPSCS: Department of Public Safety and Correctional Services
GO: general obligation
MDA: Maryland Department of Agriculture
MDE: Maryland Department of the Environment
MDP: Maryland Department of Planning
MDVA: Maryland Department of Veterans Affairs
MSU: Morgan State University
PAYGO: pay-as-you-go
UMBC: University of Maryland Baltimore County
UMES: University of Maryland Eastern Shore
USMO: University System of Maryland Office

[1] The restrictive language allows the Governor to transfer the funds by budget amendment for the uses specified.

Debt Affordability

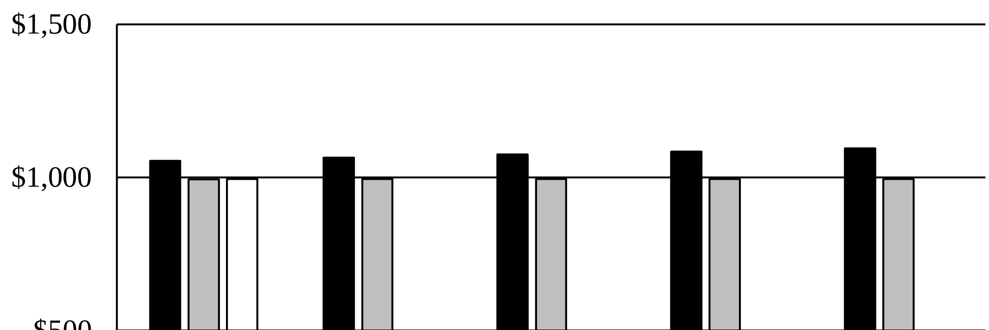
In the 2015 report, the Capital Debt Affordability Committee (CDAC) recommended that a maximum of $995 million in GO bonds may be authorized in the 2016 session and for each year in the five-year planning period included in the annual CIP. The recommendation was made to slow the growth in debt service costs and provide additional debt capacity in the out-years.

The CDAC's recommendation is advisory, and SAC is not bound by the recommendation. While supporting the objective to slow the growth in debt service costs and reduce the debt service to revenue ratio, SAC was concerned that the CDAC recommendation to freeze the authorization level through the planning period would reduce the purchasing power of the capital program due to the impact of construction inflation. To address this concern, SAC recommended that new GO bond authorizations for the 2016 session and through the five-year planning period increase by 1% annually using the fiscal 2016 level of $1.045 billion as the base starting point. The SAC recommendation was intended to moderate GO bond authorization levels to projected State property tax revenue increases. Since general fund and other State revenues are projected to increase at an annual rate in excess of 1%, the SAC recommendation would reduce the ratio of debt service to revenue in the out-years while also allowing authorizations to increase slightly to account for the impact of construction inflation. The Governor's capital budget proposed a new

GO bond authorization of $993.8 million, slightly below the CDAC's $995.0 million recommendation; and the MCCBL of 2016 provides $995.0 million, keeping the State within the limit recommended by CDAC. **Exhibit A-2.6** illustrates the different recommended new GO authorization levels and the final amount included in the MCCBL of 2016.

The MCCBL of 2016 passed by the General Assembly totals $995.0 million of new GO debt authorizations, which is $60.0 million below the SAC recommendation. An additional $10.1 million in GO bonds from prior years is de-authorized in the 2016 capital budget, thereby increasing the amount of new GO debt included in the capital program to $1.005 billion. Included in the $1.005 billion of new debt is $388.4 million authorized in the MCCBL of 2016 to complete the funding for various projects that were split-funded over fiscal 2015 through 2017 to allow the projects to be bid and construction to commence without having to authorize the full amount of construction funding needed to complete a project.

Exhibit A-2.6
New General Obligation Bond Authorization Levels
Governor's *Capital Improvement Program* – Spending Affordability Committee
2016-2020 Legislative Sessions
($ in Millions)



	2016 Session	2017 Session	2018 Session	2019 Session	2020 Session
SAC	$1,055.0	$1,065.0	$1,075.0	$1,085.0	$1,095.0
Governor's 2016 CIP	993.8	995.0	995.0	995.0	995.0
Final General Assmbly	995.0				

CIP: *Capital Improvement Program*
SAC: Spending Affordability Committee

The State's capital program for fiscal 2017 also includes other actions that affect debt affordability, debt issuance, and future capital budgets.

- The MCCBL of 2016 includes amendments to prior authorizations that, among other changes, extend matching fund deadlines, extend deadlines for expending or encumbering funds, alter the purposes for which funds may be used, modify certification requirements, rename grant recipients, or alter project locations. Prior to the 2008 session, individual prior authorization bills were passed by the General Assembly. From 2008 through 2013, prior authorizations were rolled into one omnibus prior authorization bill. However, beginning with the 2014 session, all amendments to prior authorizations are included in the capital bill since the changes amend authorizations made in prior capital budget bills.

- The MCCBL of 2016 includes $464.2 million of GO bond authorizations that will not take effect until fiscal 2018, $121.1 million that will not take effect until fiscal 2019, and $10.5 million that will not take effect until fiscal 2020. These pre-authorizations either continue the funding for existing construction contracts or allow projects expected to be contracted during fiscal 2017 through 2020 to proceed without the full amount of the construction authorization provided in the fiscal 2017 budget. **Exhibit 2.7** shows the pre-authorizations for the 2017 through 2019 sessions.

- ***Senate Bill 280*** authorizes the issuance of $24.5 million of academic facilities bonds by USM for fiscal 2017. The authorized uses include $17.0 million for facilities renewal projects budgeted within the USM System Office and $7.5 million for the A. James Clark Hall New Bioengineering Building at the University of Maryland, College Park. This level of issuance will result in a USM debt service ratio within the 4.5% of current unrestricted funds and the mandatory transfers criterion recommended by the system's financial advisers.

- ***Senate Bill 379*** authorizes the State to issue $4.68 million in QZABs. Although the bonds are issued as full faith and credit debt, the authorizations are not counted within the GO bond authorization debt limits. The proceeds are used by the Interagency Committee on School Construction and the Maryland State Department of Education for the renovation, repair, and capital improvements of qualified zone academies, including public charter schools, as defined by the federal Internal Revenue Code. Qualified zone academies must either be located in a federal Enterprise or Empowerment Zone, or have at least 35% of their student population on free or reduced-price meals.

Exhibit 2.7
Pre-authorizations Included in the Maryland Consolidated Capital Bond Loan
2017-2019 Sessions

Project Title	Fiscal 2018	Fiscal 2019	Fiscal 2020
Board of Public Works – Annapolis Post Office Renovation	$4,200,000		
Judiciary – New Catonsville District Court	40,853,000		
Military Department – Easton Readiness Center	3,632,000		
Military Department – Havre de Grace Combined Support Maintenance Shop	1,645,000	$1,000,000	
Department of Health and Mental Hygiene – Rosewood Property Environmental Abatement	10,000,000	5,000,000	
Department of Public Safety and Corrections Services – Demolition of Buildings at the Baltimore City Correctional Complex	26,925,000		
Maryland State Department of Education – State Library Resource Center	30,528,000	3,512,000	
University of Maryland Baltimore – Health Sciences Research Facility III	3,400,000		
University of Maryland College Park – A. James Clark Hall – New Bioengineering Building	11,227,000	3,533,000	
University of Maryland College Park – Brendan Iribe Center for Computer Science	69,550,000		
University of Maryland College Park – New Cole Field House	12,185,000	6,013,000	
University of Maryland College Park – New School of Public Affairs	3,000,000	17,000,000	
Coppin State University – Percy Julian Science Renovation for the College of Business	1,300,000		
University of Baltimore – Langsdale Library	3,150,000		
University of Maryland Baltimore County – Interdisciplinary Life Sciences Building	60,000,000	40,000,000	
University System of Maryland Office – Biomedical Sciences and Engineering Education Facility	88,000,000	6,000,000	
Maryland Higher Education Commission – Community College Facilities Grant Program	45,817,000	13,492,000	$10,500,000

Project Title	Fiscal 2018	Fiscal 2019	Fiscal 2020
Morgan State University – New Behavioral and Social Sciences Center	2,800,000		
Maryland Environmental Services – Infrastructure Improvement Fund	6,767,000	702,000	
Department of Juvenile Services – New Female Detention Center	28,758,000	14,379,000	
Miscellaneous Grant Programs – Downtown Frederick Hotel and Conference Center	7,500,000	7,500,000	
Miscellaneous Grant Programs – Strathmore Hall Performing Arts Center	3,000,000	3,000,000	
Total	**$464,237,000**	**$121,131,000**	**$10,500,000**

Higher Education

The State-funded portion of the fiscal 2017 capital program for all segments of higher education is $424.0 million, including both GO bonds and ARBs. Of the total funding, public four-year institutions, including regional higher education centers, receive $350.9 million, or 82.8% of funding, and independent institutions receive $9.6 million, or 2.3% of funding. Community colleges receive $63.5 million in fiscal 2017 GO bonds, or 15.0% of higher education funding. This includes $3.8 million of recycled GO bond funds leftover from prior local community college projects. Community college funding is also matched by $76.7 million in local support in fiscal 2017. **Exhibit A-2.8** shows the fiscal 2017 capital funding by institution.

Exhibit A-2.8
Fiscal 2017 Higher Education Capital Funding by Institution
($ in Thousands)

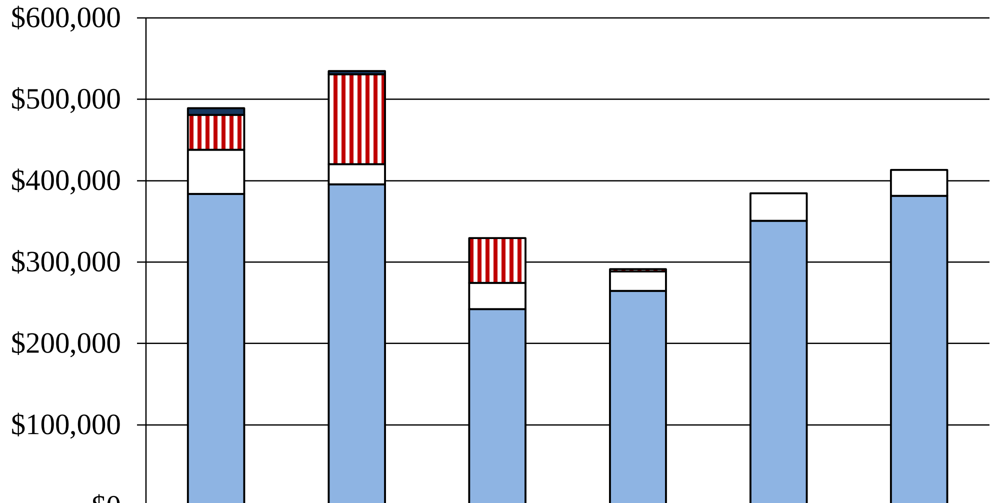
Institution	Capital Funding
University of Maryland, Baltimore	$85,000
University of Maryland, College Park	105,055
Bowie State University	31,501
Towson University	6,150
University of Maryland Eastern Shore	3,500
Frostburg State University	2,500
University of Baltimore	9,300
Salisbury University	425
University of Maryland Baltimore County	7,640
USM – Facility Renewal	17,000
USM – Regional Higher Education Centers	39,761
Morgan State University	40,400
St. Mary's College of Maryland	2,700
Independent Institutions	9,600
Community Colleges	63,222
Baltimore City Community College	248
Total	**$424,002**

USM: University System of Maryland

Note: Excludes nonbudgeted funds

Including legislative changes made to fiscal 2017, the 2016 CIP shows $1,953 million in State capital spending for higher education projects from fiscal 2017 through 2021 across all funds. **Exhibit A-2.9** shows the fiscal 2016 and 2017 legislative appropriations for higher education capital projects and the funds anticipated in the CIP for fiscal 2018 through 2021. The CIP out-years are not yet informed by four projects accelerated in fiscal 2017 and also do not reflect two pre-authorizations added by the General Assembly in fiscal 2018, as that funding remains discretionary. The forthcoming 2017 CIP will need to be restructured to show greatly increased higher education capital spending in fiscal 2018 and later years to reflect the accelerated projects. This, combined with several projects that were already scheduled to complete construction in fiscal 2017, leads to the large apparent decline in GO bond support from fiscal 2017 to 2018 in Exhibit A-2.9.

Exhibit A-2.9
Higher Education Authorized and Planned Out-year Capital Funding
Fiscal 2016-2021 Est.
($ in Thousands)



	2016	2017	2018 Est.	2019 Est.	2020 Est.	2021 Est.
Recycled Funds	$8,100	$3,836	$0	$0	$0	$0
Nonbudgeted Funds	42,906	110,736	55,081	2,500	0	0
Academic Revenue Bonds	54,500	24,500	32,000	24,000	34,000	32,000
GO Bonds	383,598	395,666	242,407	264,762	350,678	381,432

GO: general obligation

Note: Fiscal 2018 through 2021 do not yet reflect funding changes made to the fiscal 2017 capital budget by the General Assembly.

School Construction

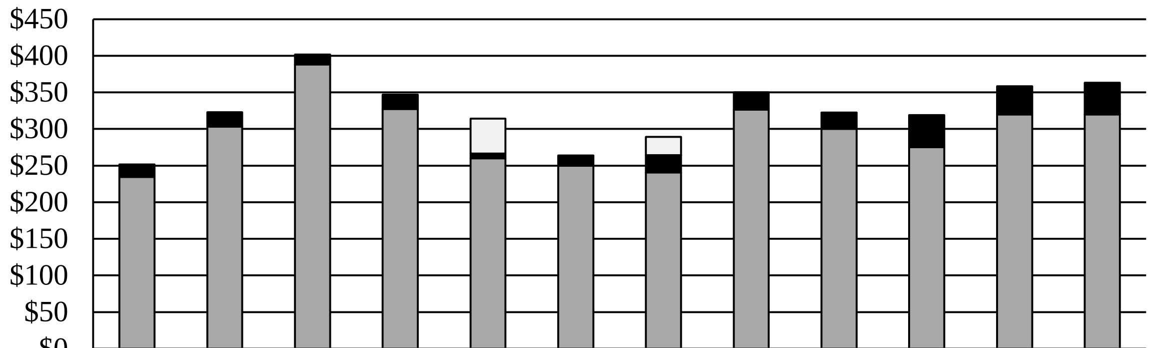
The fiscal 2017 capital budget includes $320.0 million in GO bonds for public school construction. This includes $280.0 million for the traditional Public School Construction Program and an additional $40.0 million for the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms established by Chapter 355 of 2015. An additional $43.0 million in unexpended funds from prior years is available from the Statewide Contingency Fund, of which $42.7 million is reserved for specific local school systems and $0.3 million remains unreserved.

As enacted, Chapter 355 established a mandated appropriation in the capital budget of $20 million annually beginning in fiscal 2017 for local school systems impacted by significant enrollment growth and reliance on relocatable classrooms. ***Senate Bill 271 (passed)*** increases from $20 million to $40 million, the amount that the Governor is required to include in the annual capital budget program. Although the mandated appropriation established by Chapter 355 did not take effect until fiscal 2017, the General Assembly accelerated the start of the program to fiscal 2016 by adding a $20 million line-item in the capital budget. Similarly, although the capital budget as introduced by the Governor included $20 million for the initiative for fiscal 2017, the General Assembly increased the line item for the program to $40 million for fiscal 2017 in keeping with ***Senate Bill 271***.

Significant enrollment growth is defined as having full-time equivalent enrollment growth that exceeds 150% of the statewide average over the past five years, and significant relocatable classrooms mean an average of at least 300 relocatable classrooms over the past five years. Currently, Anne Arundel, Baltimore, Dorchester, Howard, Montgomery, and Prince George's counties are eligible. Other school systems may become eligible in the out-years, and some systems that currently receive funding may no longer be eligible for funding in future years.

The Public School Facilities Act of 2004 established a State goal to provide $2.0 billion in State funding over eight years, or $250.0 million per year through fiscal 2013. The $2.0 billion goal was met in fiscal 2012, one year early. As shown in **Exhibit A-2.10**, between fiscal 2006 and 2017, the State has invested $3.804 billion for school construction projects throughout the State.

Exhibit A-2.10
Public School Construction Funding
Fiscal 2006-2017
($ in Millions)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
□PAYGO					$47.5		$25.0					
■NB	$17.2	$19.6	$13.9	$19.6	6.70	$13.7	23.70	$23.6	$22.3	$43.8	$38.2	$43.0
▩GO	234.4	303.1	387.9	327.4	259.9	250.0	240.4	326.4	300.0	275.0	320.0	320.0

GO: general obligation
NB: nonbudgeted
PAYGO: pay-as-you-go

Note: Figures include new GO bonds, PAYGO funds, and unexpended funds that were previously authorized. Fiscal 2012 includes $47.5 million supplementary appropriation.

Source: Public School Construction Program Capital Improvement Programs, Fiscal 2006-2017

Aging Schools and Qualified Zone Academy Bond Programs

The capital budget program as enacted restricts $6.1 million in general funds for the Aging Schools Program. These funds are restricted in the appropriation to the State Reserve Fund for the purpose of funding the Aging Schools program grants. Funding the grants is at the discretion of the Governor.

The fiscal 2017 capital budget also provides $3.5 million of GO bond funds for nonpublic schools to receive grants for school construction projects that are eligible under the Aging Schools Program, including school security improvements. Only nonpublic schools currently meeting the eligibility requirements for Aid to Non-Public Schools for textbooks and computer hardware and software may receive these Aging Schools grants, which will be distributed on a per-school basis up to $100,000, contingent on certain criteria being met.

Public school construction funding is further supplemented with $4.680 million of QZABs authorized in ***Senate Bill 379***. QZABs may be used in schools located in federal Enterprise or Empowerment Zones, or in schools in which 35% of the student population qualifies for free or reduced-price meals. QZAB funds are distributed to local school systems through competitive grants including grants to the Breakthrough Center and public charter schools.

Transfer Tax – Fiscal 2017 and 2018 Transfer Modification

The property transfer tax is the primary funding source for State land conservation programs. In order to reduce the State's structural deficit, recent Budget Reconciliation and Financing Act legislation authorized the transfer of $517.6 million of transfer tax revenue to the General Fund over five years, beginning with fiscal 2014. The fiscal 2017 budget reflects the modification of the overall plan of transfer tax transfers to the General Fund that were originally authorized by Chapter 425 of 2013 and subsequently modified by Chapter 464 of 2014 and Chapter 489 of 2015. The modification is reflected in ***House Bill 462 (Ch. 10)***. For more information on other provisions of this bill, see the subpart "Natural Resources" within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

In conjunction, ***House Bill 462*** and the fiscal 2017 operating budget bill:

- reduce the fiscal 2017 authorized transfer by $20.0 million from $82.8 million to $62.8 million, and the fiscal 2018 transfer by $40.0 million from $86.0 million to $46.0 million;

- distribute the additional $20.0 million available for appropriation in fiscal 2017 as follows:

  - POS – State Acquisition (Capital Development) – $2,638,000;

  - POS – Eager Park Grant (Baltimore City) – $4,000,000;

  - POS – Local – $5,000,000;

  - Rural Legacy Program – $4,862,000; and

  - Maryland Agricultural Land Preservation Foundation – $3,500,000; and

- authorize the Governor to process a budget amendment from the unencumbered balance in the accounts of POS to create an appropriation of $500,000 for a grant to the Maryland Zoo in Baltimore for operations.

Exhibit A-2.11 shows the fiscal 2017 allocation for programs affected by the enhanced funding, and **Exhibit A-2.12** shows the fiscal 2018 proposed allocation with the enhancement. The proposed program reductions under the full transfers authorized by Chapter 425 were implemented based on the reduction of roughly half of the capital program distributions instead of by reducing the revenue that would flow through the transfer tax formula, and thus affecting all operating and capital programs equally. The enhancement funding is allocated based on the Department of Budget and Management's estimate of program funding need.

Exhibit A-2.11
Transfer Tax Distribution for Land Preservation Programs Receiving Enhancements
Fiscal 2017

Program	Statutory Allocation	BRFA of 2013 General Fund Transfer	Allowance Before Enhancement	Enhancement	Appropriation
DNR – Land Acquisition and Planning					
Program Open Space (POS) – State Share	$39.0	-$23.6	$15.4	$4.0	$19.4
POS – Local Share	39.6	-22.9	16.7	5.0	21.7
Rural Legacy Program	17.0	-9.2	7.8	4.9	12.7
Natural Resources Development Fund	10.1	-7.2	2.9	0.1	3.1
Critical Maintenance Program	6.0	-2.0	4.0	2.0	6.0
Ocean City Beach Maintenance	0.5	-0.5	0.0	0.5	0.5
Maryland Department of Agriculture					
Maryland Agricultural Land Preservation Foundation	30.1	-17.4	12.7	3.5	16.2
Distribution for Programs with Enhancements	**$142.3**	**-$82.8**	**$59.5**	**$20.0**	**$79.5**

BRFA: Budget Reconciliation and Financing Act
DNR: Department of Natural Resources

Note: The POS State share fiscal 2017 $4,000,000 enhancement is for a grant to the Eager Park project as part of the East Baltimore Development Initiative.

Source: Department of Budget and Management; Department of Legislative Services

Exhibit A-2.12
Transfer Tax Distribution for Land Preservation Programs Receiving Enhancements
Fiscal 2018

Program	Statutory Allocation	BRFA of 2013 General Fund Transfer	Estimated Allowance Before Enhancement	Enhancement	Estimated Allowance
DNR – Land Acquisition and Planning					
Program Open Space (POS) – State Share	$41.7	-$24.8	$17.0	$3.4	$20.4
POS – Local Share	41.7	-23.7	17.9	11.0	28.9
Rural Legacy Program	17.4	-9.4	8.1	9.0	17.1
Natural Resources Development Fund	10.6	-7.6	3.0	5.1	8.1
Critical Maintenance Program	6.0	-2.0	4.0	2.0	6.0
Ocean City Beach Maintenance	1.0	-0.5	0.5	0.5	1.0
Maryland Department of Agriculture					
Maryland Agricultural Land Preservation Foundation	31.7	-18.1	13.7	9.0	22.7
Distribution for Programs with Enhancements	**$150.1**	**-$86.0**	**$64.1**	**$40.0**	**$104.1**

BRFA: Budget Reconciliation and Financing Act
DNR: Department of Natural Resources

Source: Department of Budget and Management; Department of Legislative Services

Programs Traditionally Funded with Transfer Tax Revenue

Exhibit A-2.13 shows the fiscal 2017 allocation of funding for programs traditionally funded with transfer tax revenue. Program funding is distinguished between transfer tax regular special funds and transfer tax enhancement special funds provided for by the $20.0 million reduction to the fiscal 2017 authorized transfer.

Exhibit A-2.13
Programs Traditionally Funded with Transfer Tax Revenue
Fiscal 2017
($ in Thousands)

	Transfer Tax Regular Special Funds	Transfer Tax Enhancement Special Funds	Other Special Funds	Federal	GO Bonds	Total
Department of Natural Resources						
Program Open Space						
State[1]	$15,369	$4,000	$0	$5,750	$0	$25,119
Local	16,691	5,000	0	0	0	21,691
Capital Development[2]	6,925	2,638	0	0	0	9,563
Rural Legacy Program[3]	7,801	4,862	0	0	5,000	17,663
Department of Agriculture						
Agricultural Land Preservation[4]	12,728	3,500	5,000	0	0	21,228
Total	**$59,513**	**$20,000**	**$5,000**	**$5,750**	**$5,000**	**$95,263**

GO: general obligation

[1] The Baltimore City Direct Grant of $1.5 million comes out of the $12.1 million in transfer tax regular special funds for Program Open Space (POS) – State. The $4.0 million in POS – State enhancement funding is for a grant to the Eager Park project as part of the East Baltimore Development Initiative. The $5.8 million in federal funds reflected for POS – State could also be used by POS – Local.
[2] The Capital Development enhancement funding is listed as POS – State Acquisition funding in the fiscal 2017 operating budget bill. The Capital Development funding is allocated as follows: transfer tax regular special funds – Natural Resources Development Fund ($2,924,000), Critical Maintenance Program ($4,000,696), and Ocean City Beach Maintenance ($0); and transfer tax enhancement special funds – Natural Resources Development Fund ($138,000), Critical Maintenance Program ($2,000,000), and Ocean City Beach Maintenance ($500,000).
[3] The $5.0 million in GO bonds reflected for the Rural Legacy Program reflects the funding mandated under Natural Resources Article Section 5-9A-09.
[4] The Agricultural Land Preservation funding reflects $5.0 million in county participation funding.

Note: Numbers may not sum due to rounding.

State Aid to Local Governments

Overview

State aid to local governments will total $7.4 billion in fiscal 2017, representing a $261.2 million, or 3.7%, increase from the prior year. Direct aid will increase by $217.9 million, and State funding for retirement payments will increase by $43.4 million. As in prior years, local school systems will receive the largest increase in State funding. **Exhibit A-3.1** compares State aid by governmental entity in fiscal 2016 and 2017.

Exhibit A-3.1
State Aid to Local Governments
Fiscal 2016 and 2017
($ in Millions)

	2016	2017	Difference	% Difference
Public Schools	$5,421.1	$5,568.3	$147.2	2.7%
Libraries	52.0	53.4	1.4	2.6%
Community Colleges	254.1	267.9	13.8	5.4%
Local Health	45.7	49.5	3.8	8.4%
County/Municipal	556.3	608.1	51.8	9.3%
Subtotal – Direct Aid	***$6,329.2***	***$6,547.1***	***$217.9***	***3.4%***
Retirement Payments	$791.0	$834.4	$43.4	5.5%
Total	**$7,120.2**	**$7,381.5**	**$261.2**	**3.7%**

Note: Funding for $26.4 million of the $7.4 billion in fiscal 2017 is at the discretion of the Governor, including $6.1 million for Aging Schools and $20.3 million for other programs.

Source: Department of Legislative Services

Changes by Program

Each of the 24 counties in Maryland will receive increased direct State aid in fiscal 2017. Most of the fiscal 2017 changes in State aid are based on statutory formulas or requirements. The fiscal 2017 State budget does include $19.4 million in new funding for five local school systems that have lost enrollment and State aid in recent years. The General Assembly also restricted $19.0 million to be expended for grants to help local school systems fund the increase in their share of teachers' retirement costs. Providing the grants for retirement costs is at the discretion of the Governor. **Exhibit A-3.2** shows the allocation of special grants for local school systems with declining enrollment and a decrease in State education aid and the allocation of the teachers retirement special grants. **Exhibit A-3.3** summarizes the distribution of direct aid by governmental unit and shows the estimated State retirement payments for local government employees.

Exhibit A-3.4 shows total State aid in fiscal 2016 and 2017 by program. A more detailed discussion of the changes in State aid in fiscal 2017 follows the exhibits.

Exhibit A-3.2
Enhanced State Funding for Public Schools
Fiscal 2017

County	Teacher Retirement Special Grants[1]	Foundation Special Grants	Total
Allegany	$32,640	$0	$32,640
Anne Arundel	1,965,794	0	1,965,794
Baltimore City	876,027	12,674,305	13,550,332
Baltimore	2,202,654	0	2,202,654
Calvert	102,489	1,090,580	1,193,069
Caroline	142,999	0	142,999
Carroll	173,948	4,000,000	4,173,948
Cecil	250,811	0	250,811
Charles	625,177	0	625,177
Dorchester	118,197	0	118,197
Frederick	1,137,362	0	1,137,362
Garrett	0	1,300,000	1,300,000
Harford	4,558	0	4,558
Howard	2,296,283	0	2,296,283
Kent	0	364,973	364,973
Montgomery	6,181,760	0	6,181,760
Prince George’s	1,317,125	0	1,317,125
Queen Anne’s	130,269	0	130,269
St. Mary’s	313,970	0	313,970
Somerset	59,572	0	59,572
Talbot	100,977	0	100,977
Washington	471,617	0	471,617
Wicomico	393,517	0	393,517
Worcester	101,488	0	101,488
Total	**$18,999,234**	**$19,429,858**	**$38,429,092**

[1] Reflects funding provided by the General Assembly in the fiscal 2017 budget; however, funding is at the discretion of the Governor.

Source: Department of Legislative Services

Exhibit A-3.3
State Aid to Local Governments
Fiscal 2017 Legislative Appropriation
($ in Thousands)

	Direct State Aid								Change	
County	County – Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal	Retirement	Total	Over FY 2016	Percent Change
Allegany	$14,399	$6,245	$79,738	$762	$1,188	$102,331	$9,568	$111,900	$2,865	2.6%
Anne Arundel	41,306	31,000	354,992	2,194	4,162	433,654	71,882	505,536	26,239	5.5%
Baltimore City	273,656	0	877,770	6,144	8,826	1,166,396	70,824	1,237,220	11,857	1.0%
Baltimore	25,738	43,620	639,225	5,687	5,817	720,086	96,361	816,447	25,905	3.3%
Calvert	4,431	2,629	83,165	425	523	91,173	15,431	106,604	4,564	4.5%
Caroline	4,774	1,592	52,080	286	669	59,400	4,899	64,298	2,116	3.4%
Carroll	5,603	8,661	135,548	956	1,591	152,358	22,238	174,597	5,612	3.3%
Cecil	7,781	6,191	107,029	763	1,047	122,811	14,376	137,187	8,090	6.3%
Charles	4,270	9,150	168,756	1,011	1,301	184,489	23,787	208,276	8,038	4.0%
Dorchester	4,473	1,244	40,922	272	552	47,464	4,059	51,523	1,171	2.3%
Frederick	8,400	10,687	234,886	1,387	1,964	257,323	35,916	293,240	5,334	1.9%
Garrett	4,872	3,939	22,147	142	555	31,655	3,829	35,484	1,946	5.8%
Harford	7,541	12,045	207,062	1,535	2,258	230,441	31,462	261,903	5,220	2.0%
Howard	8,764	19,289	243,176	899	1,640	273,768	63,898	337,667	19,000	6.0%
Kent	1,284	552	9,877	86	426	12,225	1,969	14,194	404	2.9%
Montgomery	30,943	49,940	671,050	2,997	4,255	759,185	175,334	934,519	47,108	5.3%
Prince George's	85,394	30,531	1,094,052	7,239	6,750	1,223,965	120,646	1,344,611	86,093	6.8%
Queen Anne's	1,909	1,981	34,673	157	534	39,254	6,719	45,972	1,438	3.2%
St. Mary's	2,914	2,881	101,412	666	1,039	108,912	13,916	122,827	2,271	1.9%
Somerset	6,599	874	29,776	277	537	38,062	2,927	40,990	1,190	3.0%
Talbot	2,326	1,750	14,313	109	420	18,919	3,936	22,855	564	2.5%
Washington	7,258	9,336	169,066	1,238	1,761	188,659	19,473	208,132	5,058	2.5%
Wicomico	13,640	5,070	141,497	1,001	1,209	162,417	13,404	175,822	8,690	5.2%
Worcester	6,827	2,243	19,828	150	465	29,514	7,510	37,024	1,056	2.9%
Unallocated	32,976	6,426	36,223	17,017	0	92,642	0	92,642	-20,595	-18.2%
Total	**$608,079**	**$267,876**	**$5,568,263**	**$53,396**	**$49,488**	**$6,547,103**	**$834,367**	**$7,381,470**	**$261,235**	**3.7%**

Note: County/Municipal includes the municipal share of police aid, Highway User Revenue, and fire aid.

Exhibit A-3.3 (Cont.)
State Aid to Local Governments
Fiscal 2016 Working Appropriation
($ in Thousands)

	Direct State Aid							
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	$13,912	$6,202	$77,898	$752	$1,096	$99,860	$9,175	$109,034
Anne Arundel	34,162	30,693	339,628	2,138	3,840	410,461	68,837	479,297
Baltimore City	254,984	0	888,205	6,096	8,144	1,157,428	67,935	1,225,363
Baltimore	24,646	41,519	620,104	5,545	5,367	697,180	93,362	790,542
Calvert	4,070	2,496	79,703	410	483	87,162	14,878	102,040
Caroline	4,704	1,675	50,193	278	617	57,467	4,716	62,183
Carroll	5,401	8,310	131,130	929	1,468	147,237	21,748	168,985
Cecil	7,211	5,980	100,430	740	966	115,326	13,771	129,097
Charles	4,089	8,546	162,368	967	1,201	177,170	23,068	200,238
Dorchester	4,386	1,248	40,107	263	510	46,514	3,837	50,351
Frederick	8,078	9,926	231,728	1,360	1,812	252,906	35,000	287,906
Garrett	4,802	3,731	20,816	138	512	29,999	3,539	33,538
Harford	7,238	11,370	204,371	1,483	2,084	226,545	30,138	256,683
Howard	8,373	17,416	229,705	869	1,513	257,877	60,790	318,666
Kent	1,235	607	9,655	83	393	11,973	1,817	13,790
Montgomery	29,463	47,099	637,219	2,902	3,926	720,609	166,802	887,411
Prince George's	67,460	27,966	1,043,440	6,965	6,228	1,152,060	106,458	1,258,518
Queen Anne's	1,821	1,869	33,982	144	493	38,310	6,224	44,534
St. Mary's	2,788	2,721	99,530	636	959	106,634	13,922	120,556
Somerset	6,552	716	29,053	277	496	37,093	2,707	39,800
Talbot	2,248	1,773	13,991	108	388	18,509	3,783	22,291
Washington	6,882	8,754	166,004	1,206	1,625	184,472	18,603	203,075
Wicomico	12,945	4,987	134,288	971	1,116	154,307	12,825	167,131
Worcester	6,422	2,093	19,814	147	429	28,906	7,063	35,968
Unallocated	32,456	6,422	57,745	16,613	0	113,236	0	113,236
Total	**$556,329**	**$254,121**	**$5,421,108**	**$52,019**	**$45,664**	**$6,329,241**	**$790,994**	**$7,120,235**

Note: County/Municipal includes the municipal share of police aid, Highway User Revenue, and fire aid.

Exhibit A-3.3 (Cont.)
State Aid to Local Governments
Dollar Difference Between Fiscal 2017 Legislative Appropriation and Fiscal 2016 Working Appropriation
($ in Thousands)

	Direct State Aid							
County	County – Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal	Retirement	Total
Allegany	$486	$44	$1,840	$10	$92	$2,472	$393	$2,865
Anne Arundel	7,144	307	15,365	56	322	23,194	3,045	26,239
Baltimore City	18,673	0	-10,434	47	682	8,968	2,890	11,857
Baltimore	1,092	2,101	19,121	142	450	22,906	2,999	25,905
Calvert	361	133	3,461	15	40	4,011	553	4,564
Caroline	70	-83	1,887	7	52	1,933	183	2,116
Carroll	202	351	4,418	28	123	5,121	490	5,612
Cecil	569	211	6,599	24	81	7,484	605	8,090
Charles	181	604	6,388	44	101	7,318	719	8,038
Dorchester	87	-4	815	9	43	950	222	1,171
Frederick	321	761	3,157	26	152	4,418	916	5,334
Garrett	70	208	1,331	4	43	1,656	290	1,946
Harford	304	674	2,691	52	175	3,896	1,324	5,220
Howard	392	1,873	13,470	30	127	15,892	3,109	19,000
Kent	50	-56	222	3	33	252	152	404
Montgomery	1,480	2,841	33,831	95	329	38,576	8,532	47,108
Prince George’s	17,933	2,565	50,612	273	522	71,905	14,188	86,093
Queen Anne’s	88	112	690	12	41	944	494	1,438
St. Mary’s	126	160	1,881	30	80	2,278	-6	2,271
Somerset	47	159	722	0	42	969	221	1,190
Talbot	78	-23	322	1	32	410	153	564
Washington	376	582	3,061	32	136	4,187	870	5,058
Wicomico	695	83	7,209	30	93	8,111	580	8,690
Worcester	405	150	15	3	36	608	448	1,056
Unallocated	519	4	-21,522	404	0	-20,595	0	-20,595
Total	**$51,750**	**$13,755**	**$147,155**	**$1,378**	**$3,825**	**$217,863**	**$43,373**	**$261,235**

Note: County/Municipal includes the municipal share of police aid, Highway User Revenue, and fire aid.

Exhibit A-3.3 (Cont.)

State Aid to Local Governments

Percent Change: Fiscal 2017 Legislative Appropriation over Fiscal 2016 Working Appropriation

	Direct State Aid							
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	3.5%	0.7%	2.4%	1.3%	8.4%	2.5%	4.3%	2.6%
Anne Arundel	20.9%	1.0%	4.5%	2.6%	8.4%	5.7%	4.4%	5.5%
Baltimore City	7.3%	n/a	-1.2%	0.8%	8.4%	0.8%	4.3%	1.0%
Baltimore	4.4%	5.1%	3.1%	2.6%	8.4%	3.3%	3.2%	3.3%
Calvert	8.9%	5.3%	4.3%	3.8%	8.4%	4.6%	3.7%	4.5%
Caroline	1.5%	-5.0%	3.8%	2.5%	8.4%	3.4%	3.9%	3.4%
Carroll	3.7%	4.2%	3.4%	3.0%	8.4%	3.5%	2.3%	3.3%
Cecil	7.9%	3.5%	6.6%	3.2%	8.4%	6.5%	4.4%	6.3%
Charles	4.4%	7.1%	3.9%	4.6%	8.4%	4.1%	3.1%	4.0%
Dorchester	2.0%	-0.3%	2.0%	3.4%	8.4%	2.0%	5.8%	2.3%
Frederick	4.0%	7.7%	1.4%	1.9%	8.4%	1.7%	2.6%	1.9%
Garrett	1.5%	5.6%	6.4%	2.7%	8.4%	5.5%	8.2%	5.8%
Harford	4.2%	5.9%	1.3%	3.5%	8.4%	1.7%	4.4%	2.0%
Howard	4.7%	10.8%	5.9%	3.5%	8.4%	6.2%	5.1%	6.0%
Kent	4.0%	-9.2%	2.3%	4.2%	8.4%	2.1%	8.4%	2.9%
Montgomery	5.0%	6.0%	5.3%	3.3%	8.4%	5.4%	5.1%	5.3%
Prince George’s	26.6%	9.2%	4.9%	3.9%	8.4%	6.2%	13.3%	6.8%
Queen Anne’s	4.8%	6.0%	2.0%	8.4%	8.4%	2.5%	7.9%	3.2%
St. Mary’s	4.5%	5.9%	1.9%	4.7%	8.4%	2.1%	0.0%	1.9%
Somerset	0.7%	22.2%	2.5%	-0.1%	8.4%	2.6%	8.1%	3.0%
Talbot	3.5%	-1.3%	2.3%	1.1%	8.4%	2.2%	4.1%	2.5%
Washington	5.5%	6.6%	1.8%	2.7%	8.4%	2.3%	4.7%	2.5%
Wicomico	5.4%	1.7%	5.4%	3.1%	8.4%	5.3%	4.5%	5.2%
Worcester	6.3%	7.2%	0.1%	2.0%	8.4%	2.1%	6.3%	2.9%
Unallocated	1.6%	0.1%	-37.3%	2.4%	n/a	-18.2%	n/a	-18.2%
Total	**9.3%**	**5.4%**	**2.7%**	**2.6%**	**8.4%**	**3.4%**	**5.5%**	**3.7%**

Note: County/Municipal includes the municipal share of police aid, Highway User Revenue, and fire aid.

Exhibit A-3.4
Total State Aid to Local Governments

Program	FY 2016	FY 2017	Difference
Foundation Aid	$2,947,082,596	$2,961,988,396	$14,905,800
Supplemental Program	46,620,083	46,620,083	0
Geographic Cost of Education Index	68,100,237	136,898,081	68,797,844
Net Taxable Income Education Grant	23,821,408	39,701,573	15,880,165
Foundation – Special Grants	86,321	19,429,858	19,343,537
Compensatory Education	1,305,132,944	1,309,111,285	3,978,341
Student Transportation – Regular	241,419,924	245,728,167	4,308,243
Student Transportation – Special Education	24,827,000	25,130,000	303,000
Special Education – Formula	275,997,329	279,607,502	3,610,173
Special Education – Nonpublic Placements	130,514,011	126,617,898	-3,896,113
Special Education – Infants and Toddlers	10,389,104	10,389,104	0
Limited English Proficiency Grants	217,180,270	227,201,204	10,020,934
Guaranteed Tax Base	53,762,142	54,511,367	749,225
Aging Schools*	6,109,000	6,109,000	0
Teacher Quality Incentives	10,104,000	3,104,000	-7,000,000
Adult Education	8,433,623	8,011,987	-421,636
Food Service	11,679,901	11,236,663	-443,238
Out-of-county Foster Placements	2,200,002	2,399,999	199,997
Head Start	1,800,000	1,800,000	0
Prekindergarten Expansion Program	4,300,000	4,300,000	0
SEED School	10,285,467	10,300,895	15,428
Judy Hoyer Centers	10,575,000	10,575,000	0
Teachers Retirement Special Grants*	0	18,999,234	18,999,234
Other Education Aid	10,688,000	8,492,000	-2,196,000
Total Primary and Secondary Education	**$5,421,108,362**	**$5,568,263,296**	**$147,154,934**
Library Formula	$35,405,977	$36,379,660	$973,683
Library Network	16,612,968	17,016,786	403,818
Total Libraries	**$52,018,945**	**$53,396,446**	**$1,377,501**
Community College Formula	$222,744,621	$234,375,190	$11,630,569
Grants for ESOL Programs	5,624,759	5,523,780	-100,979
Optional Retirement	14,730,000	16,873,000	2,143,000
Small College Grants	3,999,774	4,078,382	78,608

Program	FY 2016	FY 2017	Difference
Other Community College Aid	7,021,697	7,025,998	4,301
Total Community Colleges	**$254,120,851**	**$267,876,350**	**$13,755,499**
Highway User Revenue	$169,304,256	$177,413,088	$8,108,832
Elderly and Handicapped Transportation Aid	4,305,938	4,305,938	0
Paratransit	2,930,039	2,930,039	0
Municipal Transportation Grants	19,000,000	19,000,000	0
County Transportation Grants	6,000,000	6,000,000	0
Total Transportation	**$201,540,233**	**$209,649,065**	**$8,108,832**
Police Aid	$67,277,067	$73,714,998	$6,437,931
Fire and Rescue Aid	13,400,000	15,000,000	1,600,000
Vehicle Theft Prevention	1,869,160	1,869,602	442
9-1-1 Grants	14,400,000	14,400,000	0
Community Policing	1,974,000	0	-1,974,000
Foot Patrol/Drug Enforcement Grants	4,228,210	1,214,610	-3,013,600
Violent Crime Grants	4,750,714	2,292,489	-2,458,225
Baltimore City Direct Police Grant	0	7,180,112	7,180,112
Stop Gun Violence Grants	928,478	926,940	-1,538
State's Attorney Grants	3,959,195	3,228,840	-730,355
Safe Streets Program**	2,830,352	5,589,746	2,759,394
Other Public Safety Aid	2,290,755	2,289,569	-1,186
Total Public Safety	**$117,907,931**	**$127,706,906**	**$9,798,975**
Program Open Space	$23,453,501	$27,190,972	$3,737,471
Critical Area Grants	244,900	251,900	7,000
Wastewater Treatment – Nutrient Removal	5,000,000	5,000,000	0
Total Recreation/Environment	**$28,698,401**	**$32,442,872**	**$3,744,471**
Local Health Formula	**$45,663,898**	**$49,488,474**	**$3,824,576**
Disparity Grant	**$129,819,872**	**$136,718,945**	**$6,899,073**
PILOT – Port Facilities	$1,118,705	$1,013,153	-$105,552
PILOT – Park Service	2,498,953	2,498,953	0
PILOT – Forest Service	182,222	179,950	-2,272
Gaming Impact Grants	38,554,825	62,856,121	24,301,296
Instant Bingo	1,563,963	1,813,242	249,279

Program	FY 2016	FY 2017	Difference
Senior Citizens Activities Center	791,500	500,000	-291,500
Statewide Voting Systems	5,993,299	5,040,956	-952,343
Teachers Retirement Supplemental Grants	27,658,662	27,658,662	0
Total Other Direct Aid	**$78,362,129**	**$101,561,037**	**$23,198,908**
Total Direct Aid	**$6,329,240,622**	**$6,547,103,391**	**$217,862,769**
Retirement – Teachers	$729,285,758	$767,254,835	$37,969,077
Retirement – Libraries	19,700,277	20,653,337	953,060
Retirement – Community Colleges	42,008,280	46,458,676	4,450,396
Total Payments-in-behalf	**$790,994,315**	**$834,366,848**	**$43,372,533**
Total State Aid	**$7,120,234,937**	**$7,381,470,239**	**$261,235,302**

ESOL: English for Speakers of Other Languages

* Funding in the fiscal 2017 budget was provided by the General Assembly for these programs; however, spending the funds provided is at the discretion of the Governor.

**$1 million of funding in the fiscal 2017 budget was provided by the General Assembly for a direct grant to Baltimore City; spending this $1 million is at the discretion of the Governor.

Primary and Secondary Education

Foundation Program: The Foundation program is the basic State education funding mechanism for public schools, which ensures a minimum per pupil funding level and requires county governments to provide a local match. The formula is calculated based on a per pupil foundation amount and student enrollment. The per pupil foundation amount is $6,964, an increase of 0.1%, which is well below the 5.0% cap on the annual growth in the per pupil foundation amount. The student enrollment count used for the program totals 845,861 students. Enrollment for the formula is based on the September 30, 2015, full-time equivalent student enrollment count. Less affluent local school systems, as measured by assessable base and net taxable income, receive relatively more aid per pupil than wealthier school systems. The State provides funding for roughly 50.0% of the program's cost. State aid under the Foundation program will total $3.0 billion in fiscal 2017, a $14.9 million, or 0.5%, increase from the prior year.

In addition, $46.6 million in supplemental grants will be provided to nine local school systems in fiscal 2017. The supplemental grants were established during the 2007 special session to guarantee increases of at least 1% in State education aid for all local school systems during two years, fiscal 2009 and 2010, that inflationary increases for the per pupil foundation amount were eliminated. Supplemental grants continued at fiscal 2010 levels in fiscal 2011, less a $4.7 million reduction that recaptured overpayments to eight local school systems due to a miscalculation in school system wealth bases in fiscal 2009.

Net Taxable Income Grants: Pursuant to Chapter 4 of 2013, State education aid formulas that include a local wealth component are to be calculated twice, once using a net taxable income (NTI) amount for each county based on tax returns filed by September 1 and once using an NTI amount based on tax returns filed by November 1. Each local school system then receives the higher State aid amount resulting from the two calculations. The scheduled phase-in of the grants was delayed by one year beginning in fiscal 2016. Fiscal 2017 funding of NTI Grants totals $39.7 million, a $15.9 million, or 66.7% increase compared to fiscal 2016.

Foundation Special Grants: The fiscal 2017 budget proposed by the Governor initially included $5.6 million to provide aid to local school systems that have declining enrollment. This entails $4.0 million for Carroll County, $1.3 million for Garrett County, and $300,000 for Kent County. Working with the General Assembly, the Governor added through Supplemental Budget No. 3 $12.7 million to Baltimore City and $1.1 million to Calvert County for having declining enrollment and a decrease in State education aid in fiscal 2016 or 2017. This State aid is separate from mandated funding under Section 5-202 of the Education Article for counties with small and declining enrollment populations, amounting to $65,000 for Kent County in fiscal 2017. In total, the fiscal 2017 budget includes $19.4 million in Foundation Special Grants.

Geographic Cost of Education Index: This formula provides additional State funds to local school systems where costs for educational resources are higher than the State average. Funding for the Geographic Cost of Education Index (GCEI) formula was provided in fiscal 2009 for the first time. The Governor's fiscal 2016 State budget included 50% funding for the GCEI formula. The fiscal 2016 budget adopted by the General Assembly provided for 100% funding of the GCEI ($136.2 million); however, restoration of half the GCEI funding was at the discretion of the Governor. Chapter 477 of 2015 makes funding of the program mandatory rather than discretionary, contingent upon full funding *not* being provided in the fiscal 2016 operating budget; since the Governor did not release funds set aside by the General Assembly ($68.1 million) to fund the GCEI at 100% in fiscal 2016, full funding is mandatory beginning in fiscal 2017. Thirteen local school systems receive a total of $136.9 million in fiscal 2017 from the GCEI formula, an increase of $68.8 million over fiscal 2016.

Compensatory Education Program: The Compensatory Education Program provides additional funding based on the number of economically disadvantaged students. The formula recognizes disparities in local wealth by adjusting the grants per eligible student by local wealth. The formula is calculated based on 97.0% of the annual per pupil amount used in the foundation program and the number of students eligible for free and reduced-price meals. The State share of program cost is 50.0%, with the State paying no less than 40.0% of the funding for each local school system. State aid under the compensatory education program will total $1.3 billion in fiscal 2017, representing a $4.0 million, or 0.3%, increase over the prior year due to modest growth in the student enrollment count and in per pupil funding. The student enrollment count used for the program totals 372,187.

Special Education: State aid for special education recognizes the additional costs associated with providing programs for students with disabilities. Most special education students receive services in the public schools; however, if an appropriate program is not available in the public schools, students may be placed in a private school offering more specialized services. The State and local school systems share the costs of these nonpublic placements.

The special education formula is calculated based on 74.0% of the annual per pupil foundation amount and the number of special education students from the prior fiscal year. The State share of program cost is 50.0% statewide with a floor of 40.0% for each local school system. The student enrollment count used for the program totals 104,618. State formula funding for public special education programs will total $279.6 million in fiscal 2017, representing a $3.6 million, or a 1.3% increase over the prior year. Funding for nonpublic placements totals $126.6 million in fiscal 2017, a decrease of $3.9 million. A local school system pays its respective local share of the basic cost of education for each nonpublic placement plus two times the total basic cost of education in the system, as well as 30.0% of any expense above that sum. The State pays 70.0% of the costs above the base local funding.

Student Transportation: The State provides grants to assist local school systems with the cost of transporting students to and from school. The grants consist of three components: regular student ridership funds; special education student ridership funds; and additional enrollment funds. The regular student ridership funds are based on the local school system's grant in the previous year increased by inflation. Local school systems with enrollment increases receive additional funds. The special education student ridership funds are based on a $1,000 per student grant for transporting disabled students. The fiscal 2017 State budget includes $245.7 million for regular transportation services and $25.1 million for special transportation services. This represents a $4.6 million, or 1.7%, increase from the prior year.

Limited English Proficiency: The State provides grants based on non- and limited-English proficient (LEP) students using a definition consistent with federal guidelines. The LEP formula is based on 99.0% of the annual per pupil foundation amount, with the State providing funding for 50.0% of the program's cost. State funding for the program will total $227.2 million in fiscal 2017, representing a $10.0 million, or 4.6%, increase over the prior year. The number of LEP students totals 63,404 for the 2015-2016 school year.

Guaranteed Tax Base Program: The Bridge to Excellence in Public Schools Act included an add-on grant for jurisdictions with less than 80.0% of statewide per pupil wealth that contributed more than the minimum required local share under the foundation program in the prior year. The grant is based on local support for education relative to local wealth. The grant cannot exceed 20.0% of the per pupil foundation amount. Ten local school systems will qualify for grants totaling $54.5 million in fiscal 2017, an increase of $749,225.

Aging Schools Program: The Aging Schools Program provides State funding to local school systems for improvements, repairs, and deferred maintenance of public school buildings. These repairs are generally not covered by the capital school construction program and are necessary to maintain older public schools. The Budget Reconciliation and Financing Act (BRFA) of 2011 authorized mandated funding to be provided in the operating or capital budget. The General Assembly has restricted $6.1 million in fiscal 2017 general funds to be expended for the Aging Schools Program; this funding, however, is at the discretion of the Governor.

Judy Hoyer and Head Start Programs: These programs provide financial support for the establishment of centers that provide full-day, comprehensive, early education programs, and family support services that will assist in preparing children to enter school ready to learn. The programs also provide funding to support childhood educators, and statewide implementation of an early childhood assessment system. The fiscal 2017 State budget includes $10.6 million for Judy Hoyer programs and $1.8 million for Head Start programs.

Teacher Development: The Quality Teacher Incentive (QTI) Act of 1999 was enacted to assist in attracting and retaining quality teachers particularly in "comprehensive needs" schools, *i.e.*, low-performing schools. However, it did not take into account the variability in the identification of these schools based on changes to statewide assessment requirements or the introduction of new college- and career-ready standards. As such, the funding for the QTI grants has substantially increased over the past five years, with the program reaching its highest point yet in fiscal 2015 at $21.9 million. In an effort to rein in costs, the BRFA of 2015 capped fiscal 2016 stipends at fiscal 2014 eligibility and eliminated the stipend for Advanced Professional Certificate teachers who teach in a comprehensive needs school and do *not* have national board certification (NBC) beginning in fiscal 2017. The fiscal 2016 working appropriation for QTI is $9.5 million and the fiscal 2017 budget includes $2.5 million, which reflects full funding of the remaining NBC incentives. The fiscal 2017 State budget also includes $96,000 for the Governor's Teacher Excellence Award Program, which distributes awards to teachers for outstanding performance and $600,000 for national board certification grants.

Food and Nutrition Services: In addition to federal funds provided under the School Lunch Act of 1946, the State provides matching funds to support food and nutrition programs for low-income children. The programs provide free and reduced-price breakfasts, lunches, and snacks to public or private nonprofit school students. All public schools in the State are required to provide subsidized or free nutrition programs for eligible students. The fiscal 2017 State budget includes $11.2 million for food and nutrition services.

Infants and Toddlers Program: This program involves a statewide community-based interagency system of comprehensive early intervention services for eligible children until the beginning of the school year following a child's fourth birthday. State funding for infants and toddlers programs will total $10.4 million in fiscal 2017, the same annual amount that has been provided since fiscal 2009.

Adult Education: The State provides funding for adult education services, including classes on basic skills in reading, writing, and math, or learning to speak and understand the English language. Grants also assist adults to prepare to earn a high school diploma through the general education development tests or the National External Diploma Program. The State budget includes $8.0 million for adult education programs in fiscal 2017, a decrease of $421,636 compared to fiscal 2016 funding.

School-based Health Centers: The fiscal 2017 State budget includes $2.6 million for school-based health centers, which provide primary medical care as well as social, mental health, and health education services for students and their families. This amount reflects virtually level funding since fiscal 2012.

Healthy Families/Home Visits Program: The Healthy Families Program aims to promote positive parenting to enhance child health and development to prevent child abuse and neglect through home visits prenatally through early childhood. Fiscal 2017 funding remains level at $4.6 million.

Prekindergarten Expansion: The Prekindergarten Expansion Act of 2014, expanded prekindergarten services to four-year-old children from families whose income is no more than 300% of the federal poverty guidelines by establishing a competitive grant program to provide funding to qualified public and private prekindergarten providers. The State budget includes $4.3 million for the grant program in fiscal 2017, level with fiscal 2016 funding.

Teachers' Retirement Payments: State retirement costs for public school teachers and other professional public school personnel will total an estimated $767.3 million in fiscal 2017, representing a $38.0 million (5.2%) increase. This increase is attributed to approximately $47.0 million added by the Governor for teacher pensions, including a portion of the fiscal 2015 surplus in accordance with the BRFA of 2015, offset by a decrease in State teacher retirement costs due to the local school boards paying the *actual* normal cost starting in fiscal 2017.

Teachers Retirement Special Grants: The BRFA of 2012 (Chapter 1 of the first special session) phased in school board payments of the annual normal cost for teachers retirement over four years (with increased county maintenance of effort requirements equal to the required payments). After fiscal 2016, each school board is responsible for paying the actual normal costs associated with its employees. Local school boards will contribute approximately $279.8 million in fiscal 2017, an increase of approximately $25.0 million from the prior year. However, the General Assembly added $19.0 million in one-time funding to local education agencies to offset most of the increase; funding of this additional State aid in fiscal 2017 is at the Governor's discretion.

Local Libraries

Under ***Senate Bill 1171*/*House Bill 1401 (both passed)***, the Governor must provide $3.0 million in the State budget for fiscal 2018 through 2022 to support additional operating expenses for branches of the Enoch Pratt Free Library (EPFL) that increase their operating hours above the hours in effect as of January 1, 2016. To receive grant funding from the State, Baltimore City must provide a 25% funding match to support additional EPFL operating expenses.

Senate Bill 337 (passed) accelerates scheduled increases to the per capita funding amounts that must be provided to the State Library Resource Center, regional resource centers, and county public library systems participating in the State's library program beginning in fiscal 2018.

Minimum Per Capita Library Program: The State provides assistance to public libraries through a formula that determines the State and local shares of a minimum per capita library program. Overall, the State provides 40% of the minimum program, and the counties provide 60%. The State/local share of the minimum program varies by county depending on local wealth. The per-resident amount was set at $14.00 for fiscal 2012 through 2015, phasing up to $16.70 by fiscal 2019 and in subsequent years. Instead, under the BRFA of 2015, the per capita amount was reduced from $15.00 to $14.27 in fiscal 2016, and was fully phased in at $16.70 in fiscal 2025. Fiscal 2017 funding totals $36.4 million, a $1.0 million increase compared to fiscal 2016.

State Library Network: The State provides funds to libraries designated as resource centers, including the State Library Resource Center (SLRC) in Baltimore City, and to regional resource centers, including the Eastern Resource Center in Salisbury, the Southern Resource Center in Charlotte Hall, and the Western Resource Center in Hagerstown. Participating regional resource centers must receive a minimum amount of funding for each resident of the area served to be used for operating and capital expenses.

The BRFA of 2011, Chapter 397, set SLRC funding at $1.67 per resident for fiscal 2012 through 2016, before a phase-in to $1.85 in 2019 and in subsequent years. The BRFA of 2015, Chapter 489, extended the phase-in to fiscal 2025. Under Chapter 500 of 2014, per-resident funding for regional resource centers was set to increase to $7.50 in fiscal 2016 and phase up to $8.75 per resident by fiscal 2019. However, the BRFA of 2015 extended the phase-in of the increase in the per capita funding amount to a 10-year phase-in period beginning with a per-resident amount of $6.95 in fiscal 2016. Fiscal 2017 State library network funding totals $17.0 million, an increase of $403,818 over fiscal 2016.

Retirement Payments: The State pays 100% of the retirement costs for local library employees. Fiscal 2017 funding totals $20.7 million, an increase of $953,060 over fiscal 2016.

Community Colleges

Senator John A. Cade Formula Funding: The Cade funding formula aid is based on a percentage (20.5% in fiscal 2017) of the current year’s State aid to selected four-year public higher education institutions and the total number of full-time equivalent students at the community colleges. The total is then distributed to each college based on the previous year’s direct grant, enrollment, and a small-size factor. Fiscal 2017 funding totals $234.4 million, an increase of $11.6 million over fiscal 2016 funding. The increase is due to higher State support for the four-year public higher education institutions.

Special Programs: State funding in fiscal 2017 will total $4.1 million for the small college grants and $600,000 for the Allegany/Garrett counties unrestricted grants. Funding for statewide and regional programs will total $6.4 million. The English as a Second Language Program will receive $5.5 million.

Retirement Payments: Fiscal 2017 funding totals $46.5 million, an increase of $4.5 million over fiscal 2016. In addition, State funding for the optional retirement program will total $16.9 million in fiscal 2017, an increase of $2.1 million.

Local Health Departments

The State provides funds to support the delivery of public health services, including child health, communicable disease prevention, maternal health, family planning, environmental health, and administration of the departments. Funding is adjusted annually for inflation and statewide population growth for the second preceding fiscal year. The annual adjustment is generally allocated to each county based on its percentage share of State funds distributed in the previous fiscal year. The need to address a substantial change in community health need, as determined by the Secretary of Health and Mental Hygiene, may also affect allocations of the annual adjustment. The fiscal 2017 budget includes $49.5 million, or $3.8 million above the fiscal 2016 amount. Most of the increase ($3.4 million) reflects funding provided to local health departments for employee salary increments consistent with increments provided for State employees.

County and Municipal Governments

Highway User Revenue: The State shares various transportation revenues, commonly referred to as Highway User Revenues (HUR), with the counties and municipalities. Allocations to counties and municipalities are based on the percentage of road miles and vehicle registrations within each local jurisdiction. In fiscal 2017, $142.3 million (7.7% of HUR) is distributed to Baltimore City; $27.7 million (1.5%) is distributed to counties; and $7.4 million (0.4%) is distributed to municipalities, for a total of $177.4 million.

Other Transportation Aid: The BRFA of 2013 (Chapter 425) included $15.4 million in fiscal 2014 to fund transportation grants to municipal governments, allocated in a manner consistent with the HUR formula. In addition, county governments received $10.0 million in fiscal 2014 for the purpose of pothole repairs. The fiscal 2015 State budget funded the municipal transportation grants for a second year at $16.0 million. The fiscal 2016 budget included a total of $25.0 million for transportation grants to Baltimore City, counties, and municipalities. The fiscal 2017 State budget continues the special grants at the fiscal 2016 levels – $2.0 million for Baltimore City, $4.0 million for counties and $19.0 million for municipalities. State funding for elderly/disabled transportation grants will total $4.3 million in fiscal 2017, while State funding for paratransit grants will total $2.9 million; level with 2016 for both programs.

Police Aid Formula: Maryland’s counties and municipalities receive grants for police protection through the police aid formula. The police aid formula allocates funds on a per capita basis, and jurisdictions with a higher population density receive greater per capita grants. Municipalities receive additional grants based on the number of sworn officers. The Maryland State Police recovers 30.0% of the State crime laboratory costs relating to evidence-testing services from each county’s formula allocation. As a cost containment measure, the police aid formula was level funded in fiscal 2015 and 2016 at the fiscal 2014 formula amount of $67.3 million. The fiscal 2017 budget includes $73.7 million for police aid funding to fully fund the formula, which is a 9.6% increase over fiscal 2016.

Targeted Public Safety Grants: State funding for targeted public safety grants will total $22.7 million in fiscal 2017. This funding includes $7.9 million in targeted grants for Baltimore City and $3.5 million in violent crime grants and drug enforcement grants for Prince George's County. This funding also includes $2.5 million for S.T.O.P. gun violence grants, school bus traffic enforcement grants, domestic violence grants, law enforcement and correctional officers training grants, sex offender and compliance enforcement, and the body armor grants. Also, $2.0 million is provided in fiscal 2017 to the Baltimore City State's Attorney Office to assist in the prosecution of gun offenses and repeat violent offenders, and $1.3 million will be provided to support the Community Prosecution, Special Investigations, and Collateral Offender Units of the Prince George's County State's Attorney Office. Also, Safe Streets Program funding totals $5.6 million, which includes funds restricted by the General Assembly to be expended as a direct grant of $1.0 million to Baltimore City through the Baltimore City Health Department. Funding for this special grant is at the discretion of the Governor. Total funding for targeted public safety grants increases by 8.4% over fiscal 2016.

House Bill 1016 (passed) makes changes relating to public safety and policing generally consistent with the recommendations of the Public Safety and Policing Workgroup, including establishing a Community Program Fund within the Governor's Office of Crime Control and Prevention to assist (1) local law enforcement agencies in establishing community programs and (2) agencies of local government in establishing violence intervention programs. Beginning in fiscal 2018, the Governor must include $500,000 in the annual budget bill for the fund.

Vehicle Theft Prevention Program: This program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for vehicle theft prevention, deterrence, and educational programs. Funds are used to enhance the prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund and from inspection fees collected for salvaged vehicle verification. State funding for this program will total $1.9 million in fiscal 2017.

Fire, Rescue, and Ambulance Services: The State provides formula grants through the Senator William H. Amoss Fire, Rescue, and Ambulance Fund to the counties, Baltimore City, and qualifying municipalities for local and volunteer fire, rescue, and ambulance services. The program supports the purchase of fire and rescue equipment and capital building improvements and is funded through the Maryland Emergency Medical System Operations Fund (MEMSOF). Chapter 429 of 2013 increased the annual vehicle registration fee surcharge from $13.50 to $17.00, with the additional fees credited to MEMSOF. Revenues from the surcharge increase will, in part, be used to support increased appropriations to the Amoss Fund. The legislation expressed the intent that the annual appropriation to the fund will be $11.7 million in fiscal 2015, $13.3 million in fiscal 2016, and $15.0 million in fiscal 2017. The fiscal 2016 State budget included an additional $100,000 above the targeted amount. Fiscal 2017 funding totals $15.0 million.

9-1-1 Emergency Systems Grants: The State imposes a 25-cent fee per month on telephone subscribers that is deposited into a trust fund that provides reimbursements to counties for improvements and enhancements to their 9-1-1 systems. Counties may only use the trust fund money to supplement their spending, not to supplant it. State funding to local 9-1-1 emergency systems will total $14.4 million in fiscal 2017, level with fiscal 2016 funding.

Program Open Space: This program was established in 1969 to expedite the acquisition of outdoor recreation and open space, before property cost and development made it impossible, and to accelerate the development of outdoor recreation facilities. In fiscal 2017, the Program Open Space (POS) formula allocates $21.7 million to the counties. In addition, Baltimore City will receive $5.5 million in special POS funding. ***House Bill 462 (Ch. 10)*** alters the local share of POS funding beginning in fiscal 2018. ***House Bill 462*** specifies that local funding for fiscal 2018 will increase by $11.0 million over projected amounts. In future years, local funding through fiscal 2029 increases overall due to general fund appropriations to the transfer tax special fund (from which the local share of POS receives funding) representing reimbursement for prior transfers from the fund. Direct POS grants to Baltimore City from the State share of POS will increase by $2.0 million in fiscal 2018, $4.0 million in fiscal 2019, and by $4.5 million annually, beginning in fiscal 2020.

Maryland Forest Service and Maryland Park Service – Payments in Lieu of Taxes: Each county in which any State forest or park is located annually receives 15% of the net revenues derived from the forest or park located in that county, including concession operations. If the forest or park reserve comprises 10% or more of its total land area, the county annually receives 25% of the net revenues derived from the reserve. The original intent of the county payments was to offset the loss in property taxes to counties in which the State owned a significant amount of acreage. In fiscal 2016, Forest Service payments to local governments totaled $182,200 and Park Service payments totaled $2.5 million. In fiscal 2017, Forest Service payments to local governments total $179,950 and Park Service payments to local governments total $2.5 million.

Wastewater Treatment – Nutrient Removal Program: The Maryland Department of the Environment provides grants to local governments to assist with operation and maintenance costs associated with enhanced nutrient removal at wastewater treatment facilities. The grant program is funded at $5.0 million in fiscal 2017.

Senior Citizen Activities Center Operating Fund: The Senior Citizen Activities Center Operating Fund is a nonlapsing fund that consists of appropriations from the State budget; the Governor is required to appropriate $500,000 annually to the fund and does so with general funds. The Senior Citizen Activities Center Operating Fund supplements any other funding for senior citizen activities centers in the State budget; it may not be used to replace existing funding. Money is distributed to counties based on a competitive grant process, with at least 50.0% of the funds distributed based on need for senior citizen activities centers in counties determined by the Maryland Department of Aging to meet criteria related to economic distress. The fiscal 2017 budget includes $500,000 for the fund. ***Senate Bill 98 (Ch. 17)*** increase, from $500,000 to $750,000, the required annual appropriation to the Senior Citizen Activities Center Operating Fund beginning in fiscal 2018, require additional expenditures under specified circumstances, and alter how the funds are distributed to counties within the State.

Gaming Impact Grants: From the proceeds generated by video lottery terminals (VLTs) at video lottery facilities in the State, 5.5% is distributed to local governments in which a video lottery facility is operating. Of this amount, 18.0% is distributed for 20 years (starting in fiscal 2012 and ending in fiscal 2032) to Baltimore City through the Pimlico Community Development Authority and to Prince George's County for the community surrounding Rosecroft ($1.0 million annually), except that the 18.0% dedication does not apply to Allegany, Cecil, and Worcester county facilities upon issuance of the Baltimore City license. Furthermore, under the BRFA of 2014, for fiscal 2015 through 2019, $500,000 of the 18.0% dedication is distributed to communities within three miles of Laurel Race Course, resulting in $89,300 for Howard County, an additional $357,100 for Anne Arundel County, and $53,600 for the City of Laurel in each of these five fiscal years. Upon issuance of a Prince George's County license, 5.0% of table game revenues will be distributed to local jurisdictions where a video lottery facility is located. VLT local impact grants total $62.9 million in fiscal 2017, an increase of $24.3 million or 63.0% over fiscal 2016 levels, due to the projected opening of a casino in Prince George's County in 2017.

Disparity Grants: Disparity grants were initiated to address the differences in the abilities of counties to raise revenues from the local income tax, which is one of the larger revenue sources for counties. Counties with per capita local income tax revenues less than 75.0% of the statewide average receive grants, assuming that all counties impose a 2.54% local tax rate. Chapter 487 of 2009 capped each county's funding under the program at the fiscal 2010 level. Chapter 425 of 2013 further modified the program in order to provide a floor funding level in conjunction with the fiscal 2010 cap for an eligible county based on the income tax rate of that county. Beginning in fiscal 2014, an eligible county or Baltimore City may receive no more than the amount distributed in fiscal 2010 or a minimum of (1) 20.0% of the total grant if the local income tax rate is at least 2.8% but less than 3.0%; (2) 40.0% of the total grant if the rate is at least 3.0% but less than 3.2%; or (3) 60.0% of the total grant if the rate is at least 3.2%. Based on the statutory formula, Baltimore City and nine counties (Allegany, Caroline, Cecil, Dorchester, Garrett, Prince George's, Somerset, Washington, and Wicomico) will qualify for disparity grants in fiscal 2017. Disparity grant funding totals $136.7 million in fiscal 2017, an increase of $6.9 million or 5.3% over fiscal 2016. Legislative action restricts $12.5 million in disparity grant funding to Baltimore City contingent on the city submitting certain reports and making a specified appropriation to Baltimore City Public Schools.

House Bill 1395 (passed) alters the calculation of the Disparity Grant program for counties with a local income tax rate of 3.2% by increasing the minimum grant amount (funding floor) to 67.5% of the formula calculation in both fiscal 2018 and 2019. Under current law, these counties must receive at least 60.0% of the specified formula calculation. Pursuant to the bill, State aid will increase in two counties (Prince George's and Wicomico) by $4.8 million in both fiscal 2018 and 2019. Prince George's County will receive an additional $3.8 million annually during the two-year period, while Wicomico County will receive an additional $1.0 million.

Teacher Retirement Supplemental Grants: The BRFA of 2012 established this grant program, beginning in fiscal 2013. Grants totaling $27.7 million are distributed annually to nine counties (including Baltimore City) to help offset the impact of sharing teachers' retirement costs with the counties.

State Aid

County Level Detail

This section includes information for each county on State aid, State funding of selected services, and capital projects in the county. The three parts included under each county are described below.

Direct Aid and Retirement Payments

Direct Aid: The State distributes aid or shares revenue with the counties, municipalities, and Baltimore City through over 40 different programs. The fiscal 2017 State budget includes $6.5 billion to fund these programs. Part A, Section 1 of each county's statistical tables compares aid distributed to the county in fiscal 2016 and 2017.

Retirement Payments: County teachers, librarians, and community college faculty are members of either the teachers' retirement or pension systems maintained and operated by the State. The State pays a portion of the employer share of the retirement costs on behalf of the counties for these local employees. These payments total $834.4 million in fiscal 2017. Although these funds are not paid to the local governments, each county's allocation is estimated from salary information collected by the State retirement systems. These estimates are presented in Part A, Section 2 of each county.

Estimated State Spending on Health and Social Services

The State funds the provision of health and social services in the counties either through local governments, private providers, or State agencies in the counties. Part B of each county shows fiscal 2017 allocation estimates of general and special fund appropriations for health services, social services, and senior citizen services.

Health Services: The Department of Health and Mental Hygiene, through its various administrations, funds in whole or part community health programs that are provided in the local subdivisions. These programs are described below. General fund spending totals $1.2 billion statewide for these programs in fiscal 2017. This includes $1.0 million that the General Assembly, in the budget as adopted, designated for behavioral health services but spending those funds is at the discretion of the Governor. In addition, $81.8 million in special funds, primarily from the Cigarette Restitution Fund (CRF), will also be spent on these programs in fiscal 2017. This does not include spending at the State mental health hospitals, developmental disability facilities, or chronic disease centers.

- ***Behavioral Health Services:*** The Behavioral Health Administration was formed two years ago combining the Alcohol and Drug Abuse Administration with the Mental Health Administration. Substance abuse programs include primary and emergency care, intermediate care facilities, halfway houses and long-term care programs, outpatient care, and prevention programs. Community mental health services are developed and monitored at the local level by Core Service Agencies. The Core Service Agencies have the clinical, fiscal, and administrative responsibility to develop a coordinated network of services for all public mental health clients of any age within a given jurisdiction. These services include inpatient hospital and residential treatment facility stays, outpatient treatment, psychiatric rehabilitation services, counseling, and targeted case management services. The fiscal 2017 budget includes $590.8 million in general funds and $34.0 million in special funds for these programs. In addition, the budget includes $728.1 million in federal funds for behavioral health services.

- ***Family Health and Chronic Disease Services:*** The Prevention and Health Promotion Administration funds a variety of community-based programs through the local health departments and private-sector agencies in each of the subdivisions. These programs include maternal health (family planning, pregnancy testing, prenatal and perinatal care, *etc*.,) and infant and child health (disease prevention, child health clinics, specialty services, *etc.*). The administration is also responsible for chronic and hereditary disease prevention (cancer, heart disease, diabetes, *etc.*,) and the prevention and control of infectious diseases including HIV/AIDS. This includes the promotion of safe and effective immunization practices, the investigation of disease outbreaks, and continuous disease surveillance and monitoring with the support of local health departments and the medical community. Fiscal 2017 funding for these programs totals $36.9 million in general funds and $161.1 million in federal funds, much of which is for the Supplemental Nutrition Program for Women, Infants, and Children. In addition, the budget includes $47.8 million from the CRF for tobacco use prevention and cessation and for cancer prevention and screening at the local level.

- ***Medical Care Services:*** The Medical Care Programs Administration provides support for the local health departments and funding for community-based programs that serve senior citizens. This category also includes grants to local health departments related to eligibility determination for the Medicaid and Children's Health programs, transportation services for Medicaid recipients in nonemergency situations, and coordination and outreach services for Medicaid and special needs populations in the HealthChoice program. The fiscal 2017 funding for these programs totals $33.3 million in general funds and $39.6 million in federal funds.

- ***Developmental Disabilities:*** The Developmental Disabilities Administration's community-based programs include residential services; day programs; transportation services; summer recreation for children; individual and family support services, including respite care, individual family care, behavioral support services, and community-supported living arrangements. The fiscal 2017 budget includes $586.0 million in general funds and $503.1 million in federal funds for these programs.

Social Services: The Department of Human Resources and the Governor's Office of Crime Control and Prevention provide funding for various social and community services in the subdivisions. Part B of each county's statistical tables shows fiscal 2017 estimates of funding for those programs that are available by subdivision. Note that fiscal 2017 funding for both homeless and women's services is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2016 funding and may change.

- ***Homeless Services:*** The State funds programs which provide emergency and transitional housing, food, and transportation for homeless families and individuals. Funding is available by county for the housing counselor, service-linked housing, and emergency and transitional housing programs. The fiscal 2017 budget includes $3.8 million in general funds for these programs.

- ***Women's Services:*** The State provides funding for a variety of community-based programs for women. These include the domestic violence program, rape crisis centers, crime victim's services, and services for homeless women and children. Total fiscal 2017 funding for these programs equals $5.3 million in general funds.

- ***Adult Services:*** The State social services departments in each of the subdivisions provide a variety of services to disabled, elderly, neglected, and exploited adults. Services include information and referral, crisis intervention, case management, protective services, in-home aid, and respite care for families. The fiscal 2017 budget includes $9.5 million in general funds and $36.4 million in federal funds for adult services.

- ***Child Welfare Services:*** The State social services departments in each of the subdivisions offer programs to support the healthy development of families, assist families and children in need, and protect abused and neglected children. Services include adoptive services, foster care programs, family preservation programs, and child protective services. The fiscal 2017 budget includes $169.4 million in general funds and $66.1 million in federal funds.

Senior Citizen Services: The Department of Aging funds a variety of services for senior citizens mostly through local area agencies on aging. In Part B of each county, these programs have been combined into two broad categories: long-term care and community services. The total fiscal 2017 funding is $14.1 million in general funds and $24.0 million in federal funds. In this report, the fiscal 2017 general funds are allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2016 funding and may change.

- ***Long-term Care:*** This category includes the following programs: frail and vulnerable elderly, senior care, senior guardianship, and the ombudsman program. The total fiscal 2017 funding is $9.4 million in general funds.

- ***Community Services:*** Included in this category are the senior information and assistance program, the senior nutrition program, and the hold harmless grant. Fiscal 2017 funding for these programs totals $4.7 million in general funds.

Capital Grants and Capital Projects for State Facilities

Selected State Grants for Capital Projects: The State provides capital grants for public schools, community colleges, local jails, community health facilities, water quality projects, waterway improvements, homeless shelters, and other cultural, historical, and economic development projects. Projects are funded from either bond sales or current revenues. Part C lists projects in the counties authorized by the fiscal 2017 State operating and capital budgets. Projects at regional community colleges are shown for each county that the college serves. Similarly, projects at wastewater treatment plants that serve more than one county are shown for each county served. The projects listed for the various loan programs are those currently anticipated for fiscal 2017. The actual projects funded and/or the amount of funding for specific projects could change depending on which projects are ready to move forward and final costs.

The fiscal 2017 budget includes $280 million in funding for local school construction. As of the publication of this report, $210 million of the total funding has been allocated to specific projects. These projects are listed in Part C for each county but note that the allocation of school construction funding will not be finalized until May 2016. Therefore, the school construction projects funded and/or the amount of the funding for specific projects, could change.

In addition, the capital budget includes $40 million for the Supplemental Capital Grant Program for Local School Systems. This program is available to school systems with significant enrollment growth or relocatable classrooms, allocated based on the share of enrollment among the qualifying jurisdictions. The funding has not been allocated to specific projects, but this report shows the total grants each of the six qualifying school systems will receive in fiscal 2017.

Capital Projects for State Facilities Located in the County: Part D for each county shows capital projects, authorized by the fiscal 2017 operating and capital budgets, at State facilities and public colleges and universities by the county in which the facility is located. If a facility is located in more than one county, such as a State park, the total amount of the capital project is shown for all relevant counties. For each capital project, the total authorized amount is given regardless of funding source although federally funded projects are generally shown separately. For the universities, projects funded from both academic and auxiliary revenue bonds are included. The projects funded with auxiliary revenue bonds are those anticipated for fiscal 2017, but the actual projects funded and/or the amount of funding for specific projects could be different. This report does not include transportation projects.

Allegany County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$40,659	$41,280	$621	1.5%
Compensatory Education	21,216	21,641	424	2.0%
Student Transportation	4,586	4,647	62	1.3%
Special Education	6,986	7,435	448	6.4%
Limited English Proficiency Grants	91	76	-15	-16.8%
Guaranteed Tax Base	3,235	3,652	416	12.9%
Adult Education	174	166	-9	-5.0%
Aging Schools[1]	98	98	0	0.0%
Teachers Retirement Special Grants[1]	0	33	33	n/a
Other Education Aid	852	712	-140	-16.4%
Primary and Secondary Education	***$77,898***	***$79,738***	***$1,840***	***2.4%***
Libraries	$752	$762	$10	1.3%
Community Colleges	6,202	6,245	44	0.7%
Health Formula Grant	1,096	1,188	92	8.4%
Transportation[2]	1,974	2,003	29	1.5%
Police and Public Safety[2]	822	867	46	5.5%
Fire and Rescue Aid[2]	300	336	36	11.9%
Recreation and Natural Resources	602	600	-3	-0.5%
Disparity Grant	7,299	7,299	0	0.0%
Teachers Retirement Supplemental Grant	1,632	1,632	0	0.0%
Gaming Impact Aid	1,081	1,460	379	35.1%
Other Direct Aid	203	203	0	0.0%
Total Direct Aid	**$99,860**	**$102,331**	**$2,472**	**2.5%**
Aid Per Capita	$1,377	$1,411	$34	2.5%
Property Tax Equivalent	2.58	2.64	0.06	2.4%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Allegany County for teachers, librarians, and community college faculty are estimated to be $9,568,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$698,000
Family Health and Chronic Disease	562,000
Developmental Disabilities	12,876,000
Behavioral Health Services	13,027,000
Social Services	
Homeless Services	69,000
Women's Services	238,000
Adult Services	158,000
Child Welfare Services	3,659,000
Senior Citizen Services	
Long-term Care	184,000
Community Services	106,000

C. Selected State Grants for Capital Projects

Public Schools*

Allegany High School – construction	$5,800,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Public Libraries

South Cumberland Library – renovation	720,000

Community Parks and Playgrounds

Barton Little League Field	62,000

Chesapeake Bay Restoration Fund

Cumberland – combined sewer overflow	27,241,000
Evitts Creek – combined sewer overflow	1,238,000
Frostburg – combined sewer overflow	2,136,000
LaVale – Sanitary Commission manhole rehabilitation	999,000

Water Supply Financial Assistance Program

Pond Circle Road – water system	138,000
Westernport – water line	1,500,000

Mining Remediation Program

Matthew Run – acid mine drainage remediation	302,000
Upper George's Creek – stream sealing	198,000

Other Projects

Friends Aware Facility	75,000
Frostburg Museum	100,000
Lefty Grove Statue	75,000
Western Maryland Scenic Railroad	400,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Rocky Gap State Park – boating facilities improvements	$150,000
Rocky Gap State Park – parking lot improvements	101,000

Maryland Environmental Service

Western Correctional Institution – wastewater pump station improvements	793,000

University System of Maryland

Frostburg State – Education Professions and Health Sciences Center	2,500,000

Anne Arundel County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$205,252	$211,087	$5,835	2.8%
Compensatory Education	68,048	68,811	763	1.1%
Student Transportation	22,801	23,300	498	2.2%
Special Education	25,488	26,511	1,023	4.0%
Limited English Proficiency Grants	10,703	11,063	360	3.4%
Geographic Cost of Education Index	4,837	9,784	4,947	102.3%
Adult Education	295	280	-15	-5.0%
Aging Schools[1]	506	506	0	0.0%
Teachers Retirement Special Grants[1]	0	1,966	1,966	n/a
Other Education Aid	1,697	1,684	-13	-0.8%
Primary and Secondary Education	***$339,628***	***$354,992***	***$15,365***	***4.5%***
Libraries	$2,138	$2,194	$56	2.6%
Community Colleges	30,693	31,000	307	1.0%
Health Formula Grant	3,840	4,162	322	8.4%
Transportation[2]	5,065	5,206	140	2.8%
Police and Public Safety[2]	6,576	8,809	2,233	34.0%
Fire and Rescue Aid[2]	1,100	1,236	136	12.4%
Recreation and Natural Resources	2,640	2,609	-31	-1.2%
Gaming Impact Aid	18,427	23,093	4,666	25.3%
Other Direct Aid	353	353	0	0.0%
Total Direct Aid	**$410,461**	**$433,654**	**$23,194**	**5.7%**
Aid Per Capita	$728	$769	$ 41	5.7%
Property Tax Equivalent	0.51	0.52	0.01	2.2%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Anne Arundel County for teachers, librarians, and community college faculty are estimated to be $71,882,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$1,912,000
Family Health and Chronic Disease	1,048,000
Developmental Disabilities	40,398,000
Behavioral Health Services	39,910,000
Social Services	
Homeless Services	158,000
Women's Services	350,000
Adult Services	150,000
Child Welfare Services	8,052,000
Senior Citizen Services	
Long-term Care	629,000
Community Services	178,000

C. Selected State Grants for Capital Projects

Public Schools*

Chesapeake High School – construction	$1,000,000
J. Albert Adams Academy – renovations (HVAC/windows)	2,007,000
Jones Elementary School – renovations (roof)	539,000
Maryland City Elementary School – renovations (HVAC/windows)	2,120,000
North Glen Elementary School – kindergarten addition	1,238,000
Odenton Elementary School – construction	1,260,000
Odenton Elementary School – kindergarten addition	1,548,000
Ridgeway Elementary School – renovations (roof)	733,000
Severna Park High School – construction	6,350,000
Shipley's Choice Elementary School – renovations (windows/doors)	141,000
South River High School – renovations (automatic temperature control system)	956,000
South Shore Elementary School – renovations (roof)	489,000
West Meade Early Education Center – renovations	2,293,000
Woodside Elementary School – construction	1,134,000
Woodside Elementary School – kindergarten addition	1,210,000
Supplemental Capital Grant Program for Local School Systems	6,038,092

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Public Libraries

Odenton Library – renovation	117,000

Community Health Facilities Grant Program

Main Street Housing, Inc.	477,000
Opportunity Ministries, Inc.	659,000
The Samaritan House, Inc.	750,000

Waterway Improvement

Annapolis – citywide harbor improvements	99,000
Cockey Creek – main channel dredging	192,000
Parker Creek – channel dredging	383,000
Public boating facilities – countywide feasibility study	50,000

Other Projects

Anne Arundel Health System, Inc.	500,000
Belvoir-Scott's Plantation Historic Manor House	75,000
Broadneck High School – field house	300,000
Downs Park Amphitheater	75,000
Glen Burnie High School – field house and concession stand	1,000,000
Historic Annapolis, Inc.	1,000,000
Historic Linthicum Walks, Inc.	100,000
Lake Shore Athletic Association	50,000
Maryland Hall for the Creative Arts	750,000
National Cryptologic Museum	1,000,000
National Sailing Hall of Fame	1,000,000
The Arc of the Central Chesapeake Region	300,000
The Light House, Inc. – 206 West Social Enterprise Project	250,000
William Brown House at Historic London Town	125,000
Woods Community Center	100,000
YWCA Domestic Violence Shelter	400,000

D. Capital Projects for State Facilities in the County

General Government

Annapolis Post Office	$750,000

Department of Natural Resources

Sandy Point State Park – boat ramp area improvements	200,000

Department of Public Safety and Correctional Services

Jessup Region – electrical infrastructure upgrade	382,000

Baltimore City

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$407,466	$403,600	-$3,866	-0.9%
Compensatory Education	322,246	310,396	-11,849	-3.7%
Student Transportation	19,504	19,413	-92	-0.5%
Special Education	70,110	68,564	-1,546	-2.2%
Limited English Proficiency Grants	19,447	19,961	514	2.6%
Guaranteed Tax Base	31,420	26,158	-5,262	-16.7%
Geographic Cost of Education Index	11,610	22,692	11,082	95.5%
Adult Education	1,781	1,692	-89	-5.0%
Aging Schools[1]	1,388	1,388	0	0.0%
Teachers Retirement Special Grants[1]	0	876	876	n/a
Other Education Aid	3,233	3,030	-203	-6.3%
Primary and Secondary Education	***$888,205***	***$877,770***	***-$10,434***	***-1.2%***
Libraries	$6,096	$6,144	$47	0.8%
Health Formula Grant	8,144	8,826	682	8.4%
Transportation	138,175	144,679	6,504	4.7%
Police and Public Safety	10,368	10,851	484	4.7%
Fire and Rescue Aid	1,234	1,376	142	11.5%
Recreation and Natural Resources	3,814	7,786	3,972	104.2%
Disparity Grant	79,052	78,105	-946	-1.2%
Teachers Retirement Supplemental Grant	10,048	10,048	0	0.0%
Gaming Impact Aid	11,250	19,872	8,622	76.6%
Other Direct Aid	1,044	938	-106	-10.1%
Total Direct Aid	**$1,157,428**	**$1,166,396**	**$8,968**	**0.8%**
Aid Per Capita	$1,861	$1,876	$14	0.8%
Property Tax Equivalent	3.06	3.05	-0.01	-0.4%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Baltimore City for teachers, librarians, and community college faculty are estimated to be $70,824,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$8,804,000
Family Health and Chronic Disease	4,580,000
Developmental Disabilities	22,621,000
Behavioral Health Services	165,247,000
Social Services	
Homeless Services	1,606,000
Women's Services	786,000
Adult Services	1,939,000
Child Welfare Services	59,822,000
Senior Citizen Services	
Long-term Care	1,775,000
Community Services	922,000

C. Selected State Grants for Capital Projects

Public Schools*

Baltimore City College High School #480 – renovations (fire safety/roof)	$3,962,000
Baltimore Polytechnic Institute #403 – renovations (roof)	2,344,000
Booker T. Washington Building #130 – renovations (roof)	723,000
Eutaw-Marshburn Elementary School #11 – renovations (HVAC/windows)	2,300,000
Federal Hill Preparatory School #45 – renovations (HVAC)	4,224,000
Francis Scott Key Elementary/Middle School #76 – renovations (windows)	280,000
Garrett Heights Elementary/Middle School #212 – renovations (HVAC)	2,416,000
Roland Park Elementary/Middle School #233 – renovations (HVAC)	3,000,000
Samuel Coleridge-Taylor Elementary School #122 – renovations (HVAC)	3,000,000
Western High School #407 – renovations (roof)	2,323,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Community Health Facilities Grant Program

Tuerk House, Inc.	700,000

Federally Qualified Health Centers Grant Program

Total Health Care, Inc.	1,300,000

Senior Centers Grant Program

Harford Road Senior Center	500,000

Program Open Space

Eager Park	4,000,000

Community Parks and Playgrounds

Clifton Park Playground	190,000
Collington Square Park	180,000

Chesapeake Bay Water Quality Projects

Back River wastewater treatment plant – nutrient removal	10,984,000

Chesapeake Bay Restoration Fund

Gwynns Falls Sewershed – improvements	14,175,000
Herring Run Sewershed – improvements	11,133,000
High Level Sewershed – improvements	5,753,000
Low Level Sewershed – improvements	7,481,000
Patapsco Sewershed – improvements	9,844,000

Waterway Improvement

City Fire Department – purchase fire/rescue boat	20,000
Downtown Sailing Center – improvements	99,000
Harbor East Marina – dredging, replace slips, docks, utilities, and fire protection	900,000

Other Projects

A Step Forward, Inc. – multifamily low-income housing project	25,000
Baltimore Food Hub	150,000
Baltimore Museum of Industry	200,000
Baltimore Regional Education and Training Center	432,500
Baltimore Zoo – infrastructure improvements	3,500,000
BARCO Open Works Project	500,000
Berean Child Care Center	160,000
Center Stage	3,000,000
Clifton Park	500,000
Community Empowerment and Wellness Center	150,000
Creative Alliance	250,000
Cylburn Arboretum Carriage House and Nature Museum	150,000
Doctor Christina Phillips Community Center	150,000
Druid Hill Park at Auchentoroly Terrace	50,000
Frank C. Bocek Park	300,000
Fred B. Leidig Recreation Center	400,000
Garrett-Jacobs Mansion	100,000
Get Involved Community Center	50,000
Girl Scouts of Central Maryland Urban Program and STEM Center	250,000
Harbor Point – parks and infrastructure	250,000
Health Care for the Homeless Dental Clinic	17,500
International Black Fire Fighters Museum	250,000
James Mosher Baseball League – field enhancement	45,000
Johns Hopkins University – Macaulay Hall	4,000,000
Kennedy Krieger Institute	1,750,000
Leadenhall Community Outreach Center	500,000

Lexington Market	350,000
Maryland Institute College of Art – Academic Building	4,000,000
Maryland School for the Blind – construction	4,214,000
Maryland State Boychoir, Inc.	125,000
Morrell Park	300,000
Orchard Street Church	25,000
Peale Museum	400,000
Port Discovery Children's Museum	500,000
Restoration Gardens – youth supportive housing facility	200,000
Sarah's Hope	25,000
Scottish Rite Temple	150,000
Sinai Hospital	2,000,000
St. Francis Neighborhood Center	100,000
Ulman Cancer Fund Home for Young Adult Cancer Patients and Caregivers	200,000
United Efforts, Inc. – Youth Violence Prevention Center	30,000
University of Maryland Rehabilitation and Orthopedic Institute	150,000
Woodbourne Center	125,000

D. Capital Projects for State Facilities in the City

Baltimore City Community College

Liberty Campus – improve and expand roadway and parking lots	$248,000

Department of Housing and Community Development

Project C.O.R.E.	18,000,000

Department of Public Safety and Correctional Services

Baltimore City Detention Center – demolition	6,581,000
Youth Detention Center	3,647,000

Department of Education

State Library Resource Center – renovation	26,410,000

Morgan State University

Jenkins Behavioral and Social Sciences Center	35,700,000
Student Services Support Building	4,700,000

University System of Maryland

Baltimore – electric substation and electrical infrastructure	4,000,000
Baltimore – Health Sciences Research Facility	81,000,000
University of Baltimore – Langsdale Library renovation	9,300,000

Other

University of Maryland Medical System – neonatal intensive care unit	4,000,000
University of Maryland Medical System – shock trauma center	5,250,000

Baltimore County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$374,559	$382,871	$8,312	2.2%
Compensatory Education	144,159	146,227	2,067	1.4%
Student Transportation	29,834	30,501	667	2.2%
Special Education	48,393	50,747	2,354	4.9%
Limited English Proficiency Grants	14,386	14,897	510	3.5%
Geographic Cost of Education Index	2,946	5,967	3,021	102.6%
Adult Education	545	518	-27	-5.0%
Aging Schools[1]	874	874	0	0.0%
Teachers Retirement Special Grants[1]	0	2,203	2,203	n/a
Other Education Aid	4,408	4,421	13	0.3%
Primary and Secondary Education	***$620,104***	***$639,225***	***$19,121***	***3.1%***
Libraries	$5,545	$5,687	$142	2.6%
Community Colleges	41,519	43,620	2,101	5.1%
Health Formula Grant	5,367	5,817	450	8.4%
Transportation	4,986	5,178	192	3.8%
Police and Public Safety	12,010	12,763	754	6.3%
Fire and Rescue Aid	1,554	1,736	181	11.7%
Recreation and Natural Resources	2,919	2,884	-35	-1.2%
Teachers Retirement Supplemental Grant	3,000	3,000	0	0.0%
Other Direct Aid	177	177	0	0.0%
Total Direct Aid	**$697,180**	**$720,086**	**$22,906**	**3.3%**
Aid Per Capita	$839	$866	$28	3.3%
Property Tax Equivalent	0.88	0.88	0.01	0.7%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Baltimore County for teachers, librarians, and community college faculty are estimated to be $96,361,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$4,371,000
Family Health and Chronic Disease	1,909,000
Developmental Disabilities	155,636,000
Behavioral Health Services	71,315,000
Social Services	
Homeless Services	181,000
Women's Services	844,000
Adult Services	605,000
Child Welfare Services	11,731,000
Senior Citizen Services	
Long-term Care	1,384,000
Community Services	444,000

C. Selected State Grants for Capital Projects

Public Schools*

Baltimore Highlands Elementary School – renovations (air conditioning)	$1,500,000
Bear Creek Elementary School – renovations (air conditioning)	1,100,000
Chapel Hill Elementary School – renovations (air conditioning)	1,500,000
Dumbarton Middle School – construction	10,189,000
Franklin Middle School – renovations (air conditioning)	2,000,000
Grange Elementary School – renovations (air conditioning)	542,000
Oakleigh Elementary School – renovations (air conditioning)	1,500,000
Pot Spring Elementary School – renovations (air conditioning)	600,000
Relay Elementary School – construction	5,100,000
Westowne Elementary School – construction	644,000
Supplemental Capital Grant Program for Local School Systems	8,274,582

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Baltimore Community College

Catonsville – Hilton Mansion rehabilitation	1,244,000
Essex – Health Careers and Technology Building renovation and expansion	2,000,000

Chesapeake Bay Water Quality Projects

Back River wastewater treatment plant – nutrient removal	10,984,000

Waterway Improvement

Arbutus Volunteer Fire Department – purchase fire/rescue boat and equipment	5,000
Bird River and Railroad Creek – main channel dredging	1,000,000
County Fire Department – purchase rescue boat and equipment	10,000
Kingsville Volunteer Fire Department – purchase fire/rescue boat and equipment	5,000

Other Projects

Arbutus Volunteer Fire Department	130,000
Baltimore County – streetscaping	5,000,000
Baltimore County Humane Society	165,000
Cromwell Valley Park – Limekilns and Log House	100,000
Desert Storm/Operation Enduring Freedom/Operation Iraqi Freedom Memorial	75,000
Eastern Family Resource Center	1,500,000
Franklin High School – infrastructure improvements	450,000
Good Shepherd School	100,000

HopeWell Cancer Support Center	100,000
Irvine Nature Center	150,000
Jewish Community Center of Baltimore – Gordon Center	100,000
MedStar Franklin Square Hospital	877,000
Milford Mill High School – athletic facilities	450,000
Morning Star Family Life Center	250,000
Radebaugh Park	175,000
Randallstown High School – infrastructure improvements	500,000
Reisterstown Community Cemetery	25,000
The Jemicy School, Inc.	150,000
The Talmudical Academy of Baltimore, Inc.	250,000
Towson Manor Park	30,000
University of Maryland St. Joseph Medical Center	1,000,000
Worthington Valley – roundabout	400,000

D. Capital Projects for State Facilities in the County

General Government

Catonsville District Court	$28,501,000

Department of Health and Mental Hygiene

Rosewood – environmental abatement	700,000

Department of Natural Resources

Gunpowder Falls State Park – Dundee Creek Marina	170,000

Maryland Environmental Service

Camp Fretterd – water/wastewater/distribution systems upgrades	1,473,000
Woodstock – wastewater treatment plant upgrades	356,000

Maryland Department of Veterans Affairs

Garrison Forest Veterans Cemetery – expansion	820,000

University System of Maryland

Baltimore County – Event Center	35,600,000
Baltimore County – Interdisciplinary Life Sciences Building	7,640,000
Towson University – residence tower renovation	19,600,000
Towson University – Science Facility	6,150,000
Towson University – University Union addition and renovation	8,670,000

Calvert County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$56,384	$58,489	$2,105	3.7%
Compensatory Education	10,488	10,369	-119	-1.1%
Student Transportation	5,690	5,736	47	0.8%
Special Education	4,450	4,742	292	6.6%
Limited English Proficiency Grants	451	471	21	4.6%
Geographic Cost of Education Index	1,139	2,277	1,138	100.0%
Adult Education	226	214	-11	-5.0%
Aging Schools[1]	38	38	0	0.0%
Teachers Retirement Special Grants[1]	0	102	102	n/a
Other Education Aid	839	725	-113	-13.5%
Primary and Secondary Education	***$79,703***	***$83,165***	***$3,461***	***4.3%***
Libraries	$410	$425	$15	3.8%
Community Colleges	2,496	2,629	133	5.3%
Health Formula Grant	483	523	40	8.4%
Transportation[2]	1,238	1,270	32	2.6%
Police and Public Safety[2]	740	791	51	6.9%
Fire and Rescue Aid[2]	268	300	32	11.9%
Recreation and Natural Resources	256	253	-3	-1.2%
Other Direct Aid[2]	1,569	1,818	249	15.9%
Total Direct Aid	**$87,162**	**$91,173**	**$4,011**	**4.6%**
Aid Per Capita	$962	$1,006	$44	4.6%
Property Tax Equivalent	0.71	0.74	0.03	3.9%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Calvert County for teachers, librarians, and community college faculty are estimated to be $15,431,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$421,000
Family Health and Chronic Disease	541,000
Developmental Disabilities	4,705,000
Behavioral Health Services	5,852,000
Social Services	
Homeless Services	26,000
Women's Services	262,000
Adult Services	71,000
Child Welfare Services	1,516,000
Senior Citizen Services	
Long-term Care	119,000
Community Services	29,000

C. Selected State Grants for Capital Projects

Public Schools*

Northern High School – construction	$5,926,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Waterway Improvement

North Beach Volunteer Fire Department – purchase fire/rescue boat	50,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Southern Maryland Multi-Purpose Center	$205,000

Maryland Department of Planning

Jefferson Patterson Park and Museum – Patterson Center	327,000
Jefferson Patterson Park and Museum – St. Leonard's Creek	3,091,000

Caroline County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$27,283	$27,926	$642	2.4%
Compensatory Education	14,088	14,519	431	3.1%
Student Transportation	2,635	2,657	21	0.8%
Special Education	2,587	2,711	124	4.8%
Limited English Proficiency Grants	1,825	2,115	290	15.9%
Guaranteed Tax Base	908	1,240	332	36.5%
Aging Schools[1]	50	50	0	0.0%
Teachers Retirement Special Grants[1]	0	143	143	n/a
Other Education Aid	816	719	-96	-11.8%
Primary and Secondary Education	***$50,193***	***$52,080***	***$1,887***	***3.8%***
Libraries	$278	$286	$7	2.5%
Community Colleges	1,675	1,592	-83	-5.0%
Health Formula Grant	617	669	52	8.4%
Transportation[2]	1,050	1,075	25	2.4%
Police and Public Safety[2]	328	341	13	4.0%
Fire and Rescue Aid[2]	276	309	33	11.9%
Recreation and Natural Resources	174	172	-1	-0.8%
Disparity Grant	2,132	2,132	0	0.0%
Teachers Retirement Supplemental Grant	685	685	0	0.0%
Other Direct Aid	59	59	0	0.0%
Total Direct Aid	**$57,467**	**$59,400**	**$1,933**	**3.4%**
Aid Per Capita	$1,764	$1,823	$59	3.4%
Property Tax Equivalent	2.21	2.29	0.08	3.5%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Caroline County for teachers, librarians, and community college faculty are estimated to be $4,899,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$389,000
Family Health and Chronic Disease	520,000
Developmental Disabilities	5,863,000
Behavioral Health Services	5,254,000
Social Services	
Homeless Services	36,000
Women's Services	19,000
Adult Services	77,000
Child Welfare Services	1,367,000
Senior Citizen Services	
Long-term Care	350,000
Community Services	114,000

Note: Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.

C. Selected State Grants for Capital Projects

<u>Public Schools</u>*

Preston Elementary School – construction	$36,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

<u>Community Parks and Playgrounds</u>

Federalsburg – canoe and kayak floating pier	26,000
James T. Wright Park	75,000
Sharp Road Community Park	198,000

<u>Waterway Improvement</u>

Choptank Marina – service pier improvements	96,000

<u>Other Projects</u>

Denton – Sharp Road Community Park	100,000

Carroll County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$93,925	$96,785	$2,860	3.0%
Compensatory Education	14,568	14,460	-108	-0.7%
Student Transportation	9,658	9,780	122	1.3%
Special Education	9,776	9,956	180	1.8%
Limited English Proficiency Grants	859	907	48	5.6%
Geographic Cost of Education Index	1,242	2,453	1,212	97.6%
Adult Education	155	147	-8	-5.0%
Aging Schools[1]	137	137	0	0.0%
Teachers Retirement Special Grants[1]	0	174	174	n/a
Other Education Aid	810	748	-62	-7.6%
Primary and Secondary Education	***$131,130***	***$135,548***	***$4,418***	***3.4%***
Libraries	$929	$956	$28	3.0%
Community Colleges	8,310	8,661	351	4.2%
Health Formula Grant	1,468	1,591	123	8.4%
Transportation[2]	2,914	2,995	80	2.8%
Police and Public Safety[2]	1,506	1,594	88	5.9%
Fire and Rescue Aid[2]	348	389	41	11.7%
Recreation and Natural Resources	616	608	-7	-1.2%
Other Direct Aid	17	17	0	0.0%
Total Direct Aid	**$147,237**	**$152,358**	**$5,121**	**3.5%**
Aid Per Capita	$878	$909	$31	3.5%
Property Tax Equivalent	0.79	0.80	0.01	1.7%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Carroll County for teachers, librarians, and community college faculty are estimated to be $22,238,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$568,000
Family Health and Chronic Disease	705,000
Developmental Disabilities	13,962,000
Behavioral Health Services	11,454,000
Social Services	
Homeless Services	61,000
Women's Services	158,000
Adult Services	64,000
Child Welfare Services	2,668,000
Senior Citizen Services	
Long-term Care	250,000
Community Services	95,000

C. Selected State Grants for Capital Projects

Public Schools*

Francis Scott Key High School – renovations (roof)	$1,974,000
Friendship Valley Elementary School – renovations (roof)	847,000
Piney Ridge Elementary School – renovations (roof)	150,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Chesapeake Bay Water Quality Projects

Hampstead wastewater treatment plant – nutrient removal	2,592,000

Other Projects

Sykesville Freedom District Fire Department	50,000
The Arc of Carroll County	100,000

D. Capital Projects for State Facilities in the County

Department of Juvenile Services

Female Detention Center – construction	$15,168,000

Department of Natural Resources

Patapsco Valley State Park – trail bridge	700,000

Military

Freedom Readiness Center (federal funds)	2,171,000

Cecil County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$63,517	$66,057	$2,540	4.0%
Compensatory Education	22,052	24,256	2,204	10.0%
Student Transportation	5,062	5,192	130	2.6%
Special Education	7,742	8,312	571	7.4%
Limited English Proficiency Grants	716	882	166	23.2%
Guaranteed Tax Base	100	912	812	815.2%
Adult Education	295	280	-15	-5.0%
Aging Schools[1]	96	96	0	0.0%
Teachers Retirement Special Grants[1]	0	251	251	n/a
Other Education Aid	851	792	-60	-7.0%
Primary and Secondary Education	***$100,430***	***$107,029***	***$6,599***	***6.6%***
Libraries	$740	$763	$24	3.2%
Community Colleges	5,980	6,191	211	3.5%
Health Formula Grant	966	1,047	81	8.4%
Transportation[2]	1,604	1,639	35	2.2%
Police and Public Safety[2]	963	995	32	3.3%
Fire and Rescue Aid[2]	279	312	33	11.9%
Recreation and Natural Resources	390	387	-3	-0.8%
Disparity Grant	307	322	15	5.0%
Gaming Impact Aid	3,585	4,043	457	12.8%
Other Direct Aid	83	83	0	0.0%
Total Direct Aid	**$115,326**	**$122,811**	**$7,484**	**6.5%**
Aid Per Capita	$1,126	$1,200	$73	6.5%
Property Tax Equivalent	1.19	1.26	0.07	6.1%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Cecil County for teachers, librarians, and community college faculty are estimated to be $14,376,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$621,000
Family Health and Chronic Disease	526,000
Developmental Disabilities	8,165,000
Behavioral Health Services	9,100,000
Social Services	
Homeless Services	32,000
Women's Services	110,000
Adult Services	85,000
Child Welfare Services	3,151,000
Senior Citizen Services	
Long-term Care	140,000
Community Services	44,000

C. Selected State Grants for Capital Projects

Public Schools*

Bohemia Manor Middle/High School – renovations (boilers)	$378,000
Cecilton Elementary School – renovations (roof)	220,000
Cherry Hill Middle School – renovations (boilers)	99,721
Kenmore Elementary School – renovations (boilers)	309,000
Perryville Elementary School – construction	904,470

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Community Parks and Playgrounds

Helen Titter Park	101,000
North East Community Park	8,000

Chesapeake Bay Water Quality Projects

Chesapeake City wastewater treatment plant – nutrient removal	1,590,000
Harbour View wastewater treatment plant – nutrient removal	900,000

Waterway Improvement

Chesapeake City – dredge Back Creek Basin	100,000

Other Projects

YMCA of Cecil County	100,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Fair Hill NRMA – campground improvements	$185,000

Maryland Environmental Service

Fair Hill NRMA – water treatment plant/distribution systems upgrades	180,000

Charles County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$107,266	$108,175	$909	0.8%
Compensatory Education	30,265	31,968	1,703	5.6%
Student Transportation	10,548	10,838	290	2.7%
Special Education	9,070	9,664	594	6.5%
Limited English Proficiency Grants	1,312	1,727	415	31.6%
Guaranteed Tax Base	0	220	220	n/a
Geographic Cost of Education Index	1,767	3,548	1,780	100.7%
Adult Education	430	408	-21	-5.0%
Aging Schools[1]	50	50	0	0.0%
Teachers Retirement Special Grants[1]	0	625	625	n/a
Other Education Aid	1,661	1,534	-127	-7.7%
Primary and Secondary Education	***$162,368***	***$168,756***	***$6,388***	***3.9%***
Libraries	$967	$1,011	$44	4.6%
Community Colleges	8,546	9,150	604	7.1%
Health Formula Grant	1,201	1,301	101	8.4%
Transportation[2]	1,619	1,672	53	3.2%
Police and Public Safety[2]	1,255	1,350	94	7.5%
Fire and Rescue Aid[2]	338	378	40	12.0%
Recreation and Natural Resources	855	849	-6	-0.7%
Other Direct Aid	21	21	0	0.0%
Total Direct Aid	**$177,170**	**$184,489**	**$7,318**	**4.1%**
Aid Per Capita	$1,135	$1,182	$47	4.1%
Property Tax Equivalent	1.07	1.08	0.01	1.0%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Charles County for teachers, librarians, and community college faculty are estimated to be $23,787,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$648,000
Family Health and Chronic Disease	815,000
Developmental Disabilities	11,791,000
Behavioral Health Services	12,001,000
Social Services	
Homeless Services	62,000
Women's Services	170,000
Adult Services	98,000
Child Welfare Services	3,926,000
Senior Citizen Services	
Long-term Care	168,000
Community Services	34,000

C. Selected State Grants for Capital Projects

Public Schools*

Benjamin Stoddert Middle School – renovations (rooftop unit/boiler)	$1,077,000
Daniel of St. Thomas Jenifer Elementary School – kindergarten/preK addition	499,000
Mary H. Matula Elementary School – kindergarten/preK addition	517,000
St. Charles High School – construction	123,809

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Other Projects

Angel's Watch Shelter	750,000
Hospice House of Charles County	150,000
Indian Head Center for the Arts	75,000
Maryland Veterans Memorial Museum	245,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Smallwood State Park – Sweden Point Marina	$60,000

Maryland Environmental Service

Southern Maryland Pre-Release Unit – wastewater treatment plant	285,000

Dorchester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$21,791	$21,860	$70	0.3%
Compensatory Education	11,522	12,069	547	4.7%
Student Transportation	2,463	2,479	16	0.6%
Special Education	1,684	1,689	5	0.3%
Limited English Proficiency Grants	613	579	-34	-5.6%
Guaranteed Tax Base	663	865	202	30.4%
Aging Schools[1]	38	38	0	0.0%
Teachers Retirement Special Grants[1]	0	118	118	n/a
Other Education Aid	1,334	1,226	-108	-8.1%
Primary and Secondary Education	***$40,107***	***$40,922***	***$815***	***2.0%***
Libraries	$263	$272	$9	3.4%
Community Colleges	1,248	1,244	-4	-0.3%
Health Formula Grant	510	552	43	8.4%
Transportation[2]	1,196	1,235	39	3.2%
Police and Public Safety[2]	365	380	16	4.3%
Fire and Rescue Aid[2]	286	320	34	11.9%
Recreation and Natural Resources	207	206	-1	-0.6%
Disparity Grant	2,023	2,023	0	0.0%
Teachers Retirement Supplemental Grant	309	309	0	0.0%
Total Direct Aid	**$46,514**	**$47,464**	**$950**	**2.0%**
Aid Per Capita	$1,436	$1,466	$29	2.0%
Property Tax Equivalent	1.61	1.65	0.04	2.6%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Dorchester County for teachers, librarians, and community college faculty are estimated to be $4,059,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$368,000
Family Health and Chronic Disease	459,000
Developmental Disabilities	2,722,000
Behavioral Health Services	6,019,000
Social Services	
Homeless Services	31,000
Women's Services	19,000
Adult Services	100,000
Child Welfare Services	1,790,000
Senior Citizen Services	
Long-term Care	519,000
Community Services	326,000

Note: Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.

C. Selected State Grants for Capital Projects

Public Schools*

North Dorchester High School – construction	$3,760,000
Supplemental Capital Grant Program for Local School Systems	357,438

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Community Parks and Playgrounds

Cattail Crossing Community Playground	191,000

Chesapeake Bay Water Quality Projects

Twin Cities wastewater treatment plant – nutrient removal	3,085,000

Water Supply Financial Assistance Program

North Dorchester High/Middle Schools – replace well and storage tank	151,000

Waterway Improvement

Cambridge Municipal Marina – maintenance and improvements	50,000
Public boating facilities – countywide maintenance	99,000
Secretary – Temple Street Town Pier	50,000

Other Projects

Chesapeake Grove – Senior Housing and Intergenerational Center	150,000
Dorchester County Family YMCA	100,000
Patriot Point	500,000

Frederick County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$157,969	$156,156	-$1,813	-1.1%
Compensatory Education	33,604	33,423	-181	-0.5%
Student Transportation	12,192	12,284	92	0.8%
Special Education	15,428	15,935	507	3.3%
Limited English Proficiency Grants	7,055	7,277	222	3.1%
Geographic Cost of Education Index	3,309	6,584	3,275	99.0%
Adult Education	516	490	-26	-5.0%
Aging Schools[1]	183	183	0	0.0%
Teachers Retirement Special Grants[1]	0	1,137	1,137	n/a
Other Education Aid	1,472	1,417	-56	-3.8%
Primary and Secondary Education	***$231,728***	***$234,886***	***$3,157***	***1.4%***
Libraries	$1,360	$1,387	$26	1.9%
Community Colleges	9,926	10,687	761	7.7%
Health Formula Grant	1,812	1,964	152	8.4%
Transportation[2]	4,531	4,633	102	2.2%
Police and Public Safety[2]	2,260	2,425	165	7.3%
Fire and Rescue Aid[2]	493	555	62	12.6%
Recreation and Natural Resources	671	664	-7	-1.1%
Other Direct Aid	123	123	0	0.0%
Total Direct Aid	**$252,906**	**$257,323**	**$4,418**	**1.7%**
Aid Per Capita	$1,031	$1,049	$18	1.7%
Property Tax Equivalent	0.94	0.92	-0.01	-1.1%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Frederick County for teachers, librarians, and community college faculty are estimated to be $35,916,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$937,000
Family Health and Chronic Disease	549,000
Developmental Disabilities	19,777,000
Behavioral Health Services	16,293,000
Social Services	
Homeless Services	133,000
Women's Services	71,000
Adult Services	135,000
Child Welfare Services	4,135,000
Senior Citizen Services	
Long-term Care	281,000
Community Services	81,000

C. Selected State Grants for Capital Projects

Public Schools*

Butterfly Ridge Elementary School – construction	$2,000,000
Emmitsburg Elementary School – renovations (HVAC)	320,000
Frederick High School – construction	10,275,000
Hillcrest Elementary School – renovations (roof)	305,000
Myersville Elementary School – renovations (roof)	200,000
Sugarloaf Elementary School – construction	2,000,000
Urbana High School – renovations (lighting)	300,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Public Libraries

Walkersville Library – construction	1,000,000

Frederick Community College

Monroe Center – renovation	2,255,000

Community Parks and Playgrounds

Emmitsburg Community Pool	217,000
Harp Field	45,000

Other Projects

Brunswick Heritage Museum	100,000
Downtown Frederick Hotel and Conference Center	1,000,000
Emergency Family Services Shelter	50,000
Frederick Memorial Hospital Dental Clinic	75,000
Helen Smith Studio	25,000
Tuscarora High School – concession stand	45,000

D. Capital Projects for State Facilities in the County

Maryland Environmental Service

Cunningham Falls State Park – water treatment plant	$2,555,000
Victor Cullen – wastewater treatment plant upgrades	373,000

<u>Other</u>

School for the Deaf – water main replacement project	2,735,000

Garrett County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$10,882	$12,355	$1,473	13.5%
Compensatory Education	4,703	4,575	-128	-2.7%
Student Transportation	2,936	2,968	32	1.1%
Special Education	1,011	1,015	4	0.3%
Limited English Proficiency Grants	8	6	-3	-33.2%
Adult Education	80	76	-4	-5.0%
Aging Schools[1]	38	38	0	0.0%
Other Education Aid	1,158	1,115	-43	-3.7%
Primary and Secondary Education	***$20,816***	***$22,147***	***$1,331***	***6.4%***
Libraries	$138	$142	$4	2.7%
Community Colleges	3,731	3,939	208	5.6%
Health Formula Grant	512	555	43	8.4%
Transportation[2]	1,133	1,162	29	2.6%
Police and Public Safety[2]	215	226	11	5.1%
Fire and Rescue Aid[2]	268	300	32	11.9%
Recreation and Natural Resources	120	118	-2	-1.3%
Disparity Grant	2,131	2,131	0	0.0%
Teachers Retirement Supplemental Grant	406	406	0	0.0%
Other Direct Aid	529	529	0	0.0%
Total Direct Aid	**$29,999**	**$31,655**	**$1,656**	**5.5%**
Aid Per Capita	$1,018	$1,075	$56	5.5%
Property Tax Equivalent	0.67	0.70	0.03	5.2%

[1] Funding was provided by the General Assembly for this program in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Garrett County for teachers, librarians, and community college faculty are estimated to be $3,829,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$191,000
Family Health and Chronic Disease	427,000
Developmental Disabilities	3,511,000
Behavioral Health Services	3,912,000
Social Services	
Homeless Services	45,000
Women's Services	218,000
Adult Services	31,000
Child Welfare Services	1,528,000
Senior Citizen Services	
Long-term Care	120,000
Community Services	59,000

C. Selected State Grants for Capital Projects

Public Schools*

Southern Middle School – construction	$3,320,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Garrett Community College

Community Education and Performing Arts Center	685,000
Science, Technology, Engineering, and Mathematics Building – renovation	3,937,000

Community Parks and Playgrounds

Harrison Hanlin Children's Park	93,000

Mining Remediation Program

Upper George's Creek – stream sealing	198,000

Other Projects

Friendsville Veterans Memorial	100,000
Garrett County – Emergency Operations Center	250,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Jennings Randolph Lake – boat ramp lighting and electrical upgrades	$88,500

Harford County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$136,328	$137,763	$1,434	1.1%
Compensatory Education	33,711	33,874	162	0.5%
Student Transportation	12,451	12,549	98	0.8%
Special Education	19,005	19,871	866	4.6%
Limited English Proficiency Grants	1,452	1,670	218	15.0%
Adult Education	144	136	-7	-5.0%
Aging Schools[1]	217	217	0	0.0%
Teachers Retirement Special Grants[1]	0	5	5	n/a
Other Education Aid	1,062	976	-86	-8.1%
Primary and Secondary Education	***$204,371***	***$207,062***	***$2,691***	***1.3%***
Libraries	$1,483	$1,535	$52	3.5%
Community Colleges	11,370	12,045	674	5.9%
Health Formula Grant	2,084	2,258	175	8.4%
Transportation[2]	2,977	3,066	89	3.0%
Police and Public Safety[2]	2,678	2,843	164	6.1%
Fire and Rescue Aid[2]	512	573	61	11.9%
Recreation and Natural Resources	944	934	-10	-1.1%
Other Direct Aid	126	126	0	0.0%
Total Direct Aid	**$226,545**	**$230,441**	**$3,896**	**1.7%**
Aid Per Capita	$905	$921	$16	1.7%
Property Tax Equivalent	0.84	0.85	0.01	1.4%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Harford County for teachers, librarians, and community college faculty are estimated to be $31,462,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$909,000
Family Health and Chronic Disease	842,000
Developmental Disabilities	16,016,000
Behavioral Health Services	17,166,000
Social Services	
Homeless Services	78,000
Women's Services	362,000
Adult Services	120,000
Child Welfare Services	4,198,000
Senior Citizen Services	
Long-term Care	322,000
Community Services	88,000

C. Selected State Grants for Capital Projects

Public Schools*

Darlington Elementary School – renovations (HVAC/windows)	$1,518,000
Joppatown High School – renovations (roof)	1,285,000
Riverside Elementary School – renovations (HVAC/windows/doors)	2,804,000
William Paca/Old Post Road Elementary School – construction	1,156,000
William S. James Elementary School – construction	709,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Public Libraries

Aberdeen Library – renovation	194,000

Harford Community College

Edgewood Hall – renovation and expansion	691,000

Waterway Improvement

Foster Branch – maintenance dredging	42,500
Gunpowder River – channel dredging	350,000
Havre de Grace – purchase fire/rescue boat	50,000
Havre de Grace Yacht Basin – pier improvements	50,000
Taylor Creek – channel dredging	100,000

Other Projects

Aberdeen B&O Railroad Station	50,000
Bel Air – Rockfield Park	116,000
Center for the Visual and Performing Arts	200,000
Havre de Grace – American Indian First Contact Waterfront Heritage Park	100,000
Historical Society of Harford County	50,000

D. Capital Projects for State Facilities in the County

Military

Havre de Grace Readiness Center	$4,115,000
Havre de Grace Readiness Center (federal funds)	2,158,000

Howard County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$159,177	$162,732	$3,555	2.2%
Compensatory Education	27,734	30,245	2,511	9.1%
Student Transportation	16,504	17,032	529	3.2%
Special Education	14,344	15,367	1,023	7.1%
Limited English Proficiency Grants	6,902	7,648	746	10.8%
Geographic Cost of Education Index	2,737	5,592	2,856	104.3%
Adult Education	322	306	-16	-5.0%
Aging Schools[1]	88	88	0	0.0%
Teachers Retirement Special Grants[1]	0	2,296	2,296	n/a
Other Education Aid	1,897	1,869	-29	-1.5%
Primary and Secondary Education	***$229,705***	***$243,176***	***$13,470***	***5.9%***
Libraries	$869	$899	$30	3.5%
Community Colleges	17,416	19,289	1,873	10.8%
Health Formula Grant	1,513	1,640	127	8.4%
Transportation	2,356	2,430	74	3.1%
Police and Public Safety	3,485	3,748	263	7.6%
Fire and Rescue Aid	542	615	73	13.4%
Recreation and Natural Resources	1,822	1,804	-18	-1.0%
Gaming Impact Aid	89	89	0	0.0%
Other Direct Aid	79	79	0	0.0%
Total Direct Aid	**$257,877**	**$273,768**	**$15,892**	**6.2%**
Aid Per Capita	$823	$874	$51	6.2%
Property Tax Equivalent	0.54	0.56	0.02	2.8%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Howard County for teachers, librarians, and community college faculty are estimated to be $63,898,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$1,299,000
Family Health and Chronic Disease	702,000
Developmental Disabilities	28,729,000
Behavioral Health Services	17,942,000
Social Services	
Homeless Services	82,000
Women's Services	288,000
Adult Services	24,000
Child Welfare Services	3,527,000
Senior Citizen Services	
Long-term Care	315,000
Community Services	82,000

C. Selected State Grants for Capital Projects

Public Schools*

Bonnie Branch Middle School – renovations (HVAC/ceilings/lighting)	$800,000
Manor Woods Elementary School – renovations (HVAC/ceilings/lighting)	800,000
Northeastern Elementary School – construction	6,805,000
Swansfield Elementary School – construction	7,539,000
Waverly Elementary School – construction	2,000,000
Wilde Lake Middle School – construction	2,056,000
Supplemental Capital Grant Program for Local School Systems	4,099,972

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Howard Community College

Science, Engineering, and Technology Building – construction	10,314,000

Senior Centers Grant Program

Elkridge 50+ Center	580,000

Other Projects

Community Action Council Food Bank	300,000
Environmental Education Center	250,000
Huntington Park	150,000
Merriweather Post Pavilion	2,000,000
Sheppard Pratt at Elkridge	2,500,000
Solomon's Lodge #121	20,000
South Branch Park	100,000
Vantage House Retirement Community	69,000

Kent County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$3,556	$3,688	$132	3.7%
Compensatory Education	2,626	2,692	66	2.5%
Student Transportation	1,553	1,567	14	0.9%
Special Education	811	828	17	2.1%
Limited English Proficiency Grants	146	116	-30	-20.6%
Geographic Cost of Education Index	68	133	65	94.3%
Aging Schools[1]	38	38	0	0.0%
Other Education Aid	858	815	-42	-4.9%
Primary and Secondary Education	***$9,655***	***$9,877***	***$222***	***2.3%***
Libraries	$83	$86	$3	4.2%
Community Colleges	607	552	-56	-9.2%
Health Formula Grant	393	426	33	8.4%
Transportation[2]	664	675	11	1.7%
Police and Public Safety[2]	194	200	7	3.4%
Fire and Rescue Aid[2]	275	307	33	11.9%
Recreation and Natural Resources	103	101	-1	-1.1%
Total Direct Aid	**$11,973**	**$12,225**	**$252**	**2.1%**
Aid Per Capita	$605	$618	$13	2.1%
Property Tax Equivalent	0.41	0.42	0.01	2.2%

[1] Funding was provided by the General Assembly for this program in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Kent County for teachers, librarians, and community college faculty are estimated to be $1,969,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$252,000
Family Health and Chronic Disease	463,000
Developmental Disabilities	2,390,000
Behavioral Health Services	7,373,000
Social Services	
Homeless Services	1,000
Women's Services	19,000
Adult Services	48,000
Child Welfare Services	821,000
Senior Citizen Services	
Long-term Care	350,000
Community Services	114,000

Note: Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.

C. Selected State Grants for Capital Projects

Public Libraries

Chestertown Library – renovation	$145,000

Community Parks and Playgrounds

Galena Elementary School – walking path	80,000

Chesapeake Bay Water Quality Projects

Betterton wastewater treatment plant – nutrient removal	750,000
Galena wastewater treatment plant – nutrient removal	1,395,000

Waterway Improvement

Chestertown Marina – bulkhead and pier improvements	200,000
Fairlee Creek Public Landing – pier replacement	48,000
Mill Creek – channel dredging	140,000

Montgomery County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$322,176	$325,527	$3,351	1.0%
Compensatory Education	136,728	137,614	886	0.6%
Student Transportation	39,787	40,933	1,147	2.9%
Special Education	54,890	57,627	2,737	5.0%
Limited English Proficiency Grants	60,287	61,682	1,395	2.3%
Geographic Cost of Education Index	17,744	35,977	18,233	102.8%
Adult Education	1,062	1,009	-53	-5.0%
Aging Schools[1]	603	603	0	0.0%
Teachers Retirement Special Grants[1]	0	6,182	6,182	n/a
Other Education Aid	3,943	3,897	-46	-1.2%
Primary and Secondary Education	***$637,219***	***$671,050***	***$33,831***	***5.3%***
Libraries	$2,902	$2,997	$95	3.3%
Community Colleges	47,099	49,940	2,841	6.0%
Health Formula Grant	3,926	4,255	329	8.4%
Transportation[2]	8,698	8,927	229	2.6%
Police and Public Safety[2]	15,037	16,126	1,089	7.2%
Fire and Rescue Aid[2]	1,754	1,962	209	11.9%
Recreation and Natural Resources	3,878	3,833	-46	-1.2%
Other Direct Aid	95	95	0	0.0%
Total Direct Aid	**$720,609**	**$759,185**	**$38,576**	**5.4%**
Aid Per Capita	$693	$730	$37	5.4%
Property Tax Equivalent	0.41	0.41	0.00	0.0%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Montgomery County for teachers, librarians, and community college faculty are estimated to be $175,334,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$3,713,000
Family Health and Chronic Disease	1,199,000
Developmental Disabilities	85,832,000
Behavioral Health Services	67,105,000
Social Services	
Homeless Services	278,000
Women's Services	396,000
Adult Services	595,000
Child Welfare Services	8,513,000
Senior Citizen Services	
Long-term Care	1,341,000
Community Services	308,000

C. Selected State Grants for Capital Projects

Public Schools*

Bel Pre Elementary School – construction	$4,949,000
Brooke Grove Elementary School – renovations (HVAC)	549,000
Clearspring Elementary School – renovations (HVAC)	599,000
Gaithersburg High School – construction	10,198,000
John T. Baker Middle School – renovations (HVAC)	221,000
Silver Spring International Middle School – renovations (HVAC)	599,000
Wilson Wims Elementary School – construction	8,585,000
Supplemental Capital Grant Program for Local School Systems	11,727,480

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Public Libraries

Bethesda Library – renovation	500,000
Quince Orchard Library – renovation	500,000
White Oak Library – renovation	500,000

Montgomery College

Germantown – Science and Applied Studies Building	9,361,000
Rockville – Student Services Center	8,000,000

Local Jail Loan

County Pre-Release Center – dietary center improvements	403,000

Community Health Facilities Grant Program

Avery Road Treatment Center	1,027,000
Cornerstone Montgomery, Inc.	1,050,000

Federally Qualified Health Centers Grant Program

Community Clinic, Inc.	402,000

Other Projects

A Wider Circle Community Service Center	175,000
Adventist Healthcare, Inc. – Adventist Behavioral Health and Wellness	392,000
Adventist Healthcare, Inc. – Shady Grove Medical Center	279,000
Charles E. Smith Life Communities	400,000

Damascus High School – turf field	200,000
Easter Seals Inter-Generational Center	100,000
Friendship Heights Village Center	100,000
Gaithersburg – Olde Towne Park Plaza	200,000
Homecrest House	120,000
Jewish Community Center of Greater Washington	150,000
Jewish Foundation for Group Homes, Inc.	50,000
Martin Luther King Jr. Recreational Park	100,000
Maryland SoccerPlex	575,000
Maydale Nature Center	75,000
MedStar Montgomery Medical Center	300,000
Melvin J. Berman Hebrew Academy	100,000
Montgomery Hospice Casey House	50,000
Noyes Children's Library	100,000
Olney Theatre	75,000
Our House Youth Home	50,000
Rockville – Swim and Fitness Center	100,000
Sandy Spring Museum	40,000
Torah School of Greater Washington	200,000
Western Piedmont Trail	105,000

D. Capital Projects for State Facilities in the County

University System of Maryland

Shady Grove – Biomedical Sciences and Engineering Education Building	$36,700,000

Prince George's County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$544,882	$561,004	$16,122	3.0%
Compensatory Education	281,139	282,243	1,105	0.4%
Student Transportation	39,146	39,758	612	1.6%
Special Education	63,952	67,586	3,634	5.7%
Limited English Proficiency Grants	81,883	86,911	5,028	6.1%
Guaranteed Tax Base	6,212	8,530	2,317	37.3%
Geographic Cost of Education Index	20,298	41,084	20,786	102.4%
Adult Education	808	767	-40	-5.0%
Aging Schools[1]	1,209	1,209	0	0.0%
Teachers Retirement Special Grants[1]	0	1,317	1,317	n/a
Other Education Aid	3,911	3,643	-268	-6.9%
Primary and Secondary Education	***$1,043,440***	***$1,094,052***	***$50,612***	***4.9%***
Libraries	$6,965	$7,239	$273	3.9%
Community Colleges	27,966	30,531	2,565	9.2%
Health Formula Grant	6,228	6,750	522	8.4%
Transportation[2]	9,350	9,573	223	2.4%
Police and Public Safety[2]	19,078	19,602	525	2.7%
Fire and Rescue Aid[2]	1,521	1,700	179	11.8%
Recreation and Natural Resources	3,729	3,690	-39	-1.0%
Disparity Grant	23,088	30,175	7,087	30.7%
Teachers Retirement Supplemental Grant	9,629	9,629	0	0.0%
Gaming Impact Aid	1,054	11,012	9,959	945.2%
Other Direct Aid	12	12	0	0.0%
Total Direct Aid	**$1,152,060**	**$1,223,965**	**$71,905**	**6.2%**
Aid Per Capita	$1,267	$1,346	$79	6.2%
Property Tax Equivalent	1.45	1.45	0.00	0.0%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Prince George's County for teachers, librarians, and community college faculty are estimated to be $120,646,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$3,799,000
Family Health and Chronic Disease	1,908,000
Developmental Disabilities	66,177,000
Behavioral Health Services	63,872,000
Social Services	
Homeless Services	585,000
Women's Services	323,000
Adult Services	486,000
Child Welfare Services	12,730,000
Senior Citizen Services	
Long-term Care	1,024,000
Community Services	254,000

C. Selected State Grants for Capital Projects

Public Schools*

Allenwood Elementary School – renovations (windows)	$291,000
Annapolis Road Academy – renovations (elevator)	194,000
Baden Elementary School – renovations (unit ventilators)	969,000
Beacon Heights Elementary School – renovations (HVAC/ceilings/lighting)	300,000
Beltsville Academy – renovations (unit ventilators/windows)	1,421,000
Benjamin Tasker Middle School – renovations (piping)	581,000
Bowie High School – renovations (piping)	1,192,000
Bradbury Heights Elementary School – renovations (roof)	730,000
Buck Lodge Middle School – renovations (piping)	581,000
Central High School – renovations (elevator)	129,000
Columbia Park Elementary School – renovations (unit ventilators)	299,000
Crossland High School – renovations (piping)	646,000
Duval High School – renovations (HVAC/windows)	1,738,000
Dwight D. Eisenhower Middle School – renovations (piping/windows/doors)	452,000
Flintstone Elementary School – renovations (elevator/piping)	429,000
Frances R. Fuchs Early Childhood Center – renovations (piping)	775,000
Gaywood Elementary School – renovations (unit ventilators)	420,000
Gladys Noon Spellman Elementary School – renovations (elevator)	129,000
Glassmanor Elementary School – renovations (boilers)	258,000
Glenridge Elementary School – renovations (piping)	775,000
Greenbelt Elementary School – renovations (chiller)	614,000
High Bridge Elementary School – renovations (piping/ceiling)	484,000
Highland Park Elementary School – renovations (piping/boiler)	771,000
Hillcrest Heights Elementary School – renovations (piping)	161,000
Hollywood Elementary School – renovations (boiler/windows)	933,000
James H. Harrison Elementary School – renovations (metal panels)	904,000
Lamont Elementary School – renovations (unit ventilators)	129,000
Langley Park-McCormick Elementary School – renovations (windows/fan coil)	623,000
Largo High School – renovations (piping)	525,000
Lewisdale Elementary School – renovations (fan coil units)	517,000
Maya Angelou French Immersion School – renovations (HVAC/windows)	2,895,000
Melwood Elementary School – renovations (windows/doors)	291,000
Oxon Hill Elementary School – renovations (air handling unit)	323,000
Parkdale High School – renovations (elevator)	129,000
Patuxent Elementary School – renovations (roof)	118,000
Potomac High School – renovations (elevator)	129,000
Princeton Elementary School – renovations (HVAC)	300,000
Ridgecrest Elementary School – renovations (boilers/elevator)	452,000

Rogers Heights Elementary School – renovations (piping)	129,000
Surrattsville High School – renovations (piping)	1,937,000
Supplemental Capital Grant Program for Local School Systems	9,502,436

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Prince George's Community College

Lanham Hall – renovation and addition	10,372,000
Queen Anne Academic Center – renovation and addition	9,286,000

Local Jail Loan

County Correctional Center – medical unit renovation and expansion	2,488,000

Federally Qualified Health Centers Grant Program

Greater Baden Medical Services, Inc.	818,000

Community Parks and Playgrounds

District Heights Sports Complex	167,000
London Woods	96,000
Newton Street Park	97,000

Waterway Improvement

Laurel Volunteer Rescue Squad – purchase fire/rescue boat	14,950

Other Projects

Accokeek Volunteer Fire Department	150,000
American Legion Post 381 Annex	100,000
Bishop McNamara High School – dining hall and student center	200,000
Camp Springs Elks Lodge No. 2332	20,000
Capitol Technology University – Living and Learning Center	1,600,000
Chesapeake Math and IT Academy, Inc.	250,000
College Park – Hollywood streetscape	150,000
Community Support Systems Food Pantry	10,000
Doctors Community Hospital	500,000
Elizabeth Seton High School – athletic field	30,000
Fil-American Multicultural Center	100,000
Hillcrest Heights Community Center	250,000
Joe's Movement Emporium	50,000

Maryland Multicultural Youth Centers	200,000
Mt. Ephraim Multipurpose Room	100,000
Olde Mill Community and Teaching Center	75,000
Piscataway Park	100,000
Port Towns Family Health and Wellness Center	220,000
Prince George's County Public High Schools – athletic facilities	2,700,000
Prince George's Hospital System	27,500,000
Pyramid Atlantic Art Center	175,000
Tabernacle Church of Laurel – gymnasium	25,000
The Arc of Prince George's County	175,000

D. Capital Projects for State Facilities in the County

Maryland Environmental Service

Cheltenham Youth Center – wastewater treatment plant	$305,000

Maryland Department of Veterans Affairs

Cheltenham Veterans Cemetery – expansion and improvements	1,360,000

University System of Maryland

Bowie State – Natural Sciences Center	31,501,000
College Park – Bioengineering Building	69,955,000
College Park – Brendan Iribe Center for Computer Science and Innovation	27,000,000
College Park – Cole Field House	3,000,000
College Park – Edward St. John Learning and Teaching Center	5,100,000
College Park – high-rise residence hall air conditioning	5,980,000
College Park – high-rise residence hall utility building	530,000

Queen Anne's County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$21,623	$22,050	$427	2.0%
Compensatory Education	5,140	5,124	-17	-0.3%
Student Transportation	3,312	3,335	23	0.7%
Special Education	2,130	2,092	-38	-1.8%
Limited English Proficiency Grants	502	498	-4	-0.8%
Geographic Cost of Education Index	286	572	286	99.8%
Aging Schools[1]	50	50	0	0.0%
Teachers Retirement Special Grants[1]	0	130	130	n/a
Other Education Aid	939	822	-117	-12.5%
Primary and Secondary Education	***$33,982***	***$34,673***	***$690***	***2.0%***
Libraries	$144	$157	$12	8.4%
Community Colleges	1,869	1,981	112	6.0%
Health Formula Grant	493	534	41	8.4%
Transportation[2]	891	919	28	3.2%
Police and Public Safety[2]	405	434	29	7.2%
Fire and Rescue Aid[2]	268	300	32	11.9%
Recreation and Natural Resources	244	242	-2	-0.8%
Other Direct Aid	14	14	0	0.0%
Total Direct Aid	**$38,310**	**$39,254**	**$944**	**2.5%**
Aid Per Capita	$783	$803	$19	2.5%
Property Tax Equivalent	0.50	0.50	0.00	0.0%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Queen Anne's County for teachers, librarians, and community college faculty are estimated to be $6,719,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$182,000
Family Health and Chronic Disease	397,000
Developmental Disabilities	3,303,000
Behavioral Health Services	3,556,000
Social Services	
Homeless Services	11,000
Women's Services	19,000
Adult Services	35,000
Child Welfare Services	1,016,000
Senior Citizen Services	
Long-term Care	112,000
Community Services	31,000

C. Selected State Grants for Capital Projects

Public Schools*

Church Hill Elementary School – renovations (roof)	$134,000
Grasonville Elementary School – renovations (fire safety)	115,000
Kent Island High School – renovations (EMS upgrade)	434,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Community Parks and Playgrounds

Little Queenstown Creek – boardwalk and kayak launch	120,000

Waterway Improvement

Corsica River – dredging	300,000
Crumpton Landing – boat ramp improvements	50,000
Matapeake Public Landing – resurface parking area	70,000
United Communities Volunteer Fire Department – fire/rescue equipment	5,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Matapeake Marine Terminal – dredge material site reclamation	$250,000

Maryland Environmental Service

Eastern Pre-Release Facility – wastewater treatment plant improvements	3,000,000

St. Mary's County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$68,835	$69,981	$1,146	1.7%
Compensatory Education	17,001	17,178	177	1.0%
Student Transportation	6,797	6,864	67	1.0%
Special Education	4,901	5,003	102	2.1%
Limited English Proficiency Grants	841	853	12	1.4%
Geographic Cost of Education Index	118	236	118	100.0%
Adult Education	247	235	-12	-5.0%
Aging Schools[1]	50	50	0	0.0%
Teachers Retirement Special Grants[1]	0	314	314	n/a
Other Education Aid	740	698	-42	-5.6%
Primary and Secondary Education	***$99,530***	***$101,412***	***$1,881***	***1.9%***
Libraries	$636	$666	$30	4.7%
Community Colleges	2,721	2,881	160	5.9%
Health Formula Grant	959	1,039	80	8.4%
Transportation[2]	1,247	1,286	39	3.1%
Police and Public Safety[2]	881	941	60	6.8%
Fire and Rescue Aid[2]	254	285	31	12.3%
Recreation and Natural Resources	291	287	-3	-1.2%
Other Direct Aid	115	115	0	0.0%
Total Direct Aid	**$106,634**	**$108,912**	**$2,278**	**2.1%**
Aid Per Capita	$957	$978	$20	2.1%
Property Tax Equivalent	0.87	0.89	0.02	1.8%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for St. Mary's County for teachers, librarians, and community college faculty are estimated to be $13,916,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$485,000
Family Health and Chronic Disease	484,000
Developmental Disabilities	6,805,000
Behavioral Health Services	9,865,000
Social Services	
Homeless Services	54,000
Women's Services	109,000
Adult Services	64,000
Child Welfare Services	2,410,000
Senior Citizen Services	
Long-term Care	136,000
Community Services	83,000

C. Selected State Grants for Capital Projects

Public Schools*

Fairlead Academy (Leonardtown High) – State-owned relocatable classrooms	$238,000
Piney Point Elementary School – renovations (roof)	710,800
Spring Ridge Middle School – construction	88,200

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Community Parks and Playgrounds

Fireman's Park and Heritage Museum	125,000

Waterway Improvement

Leonardtown Wharf – construct transient boat slips	99,500
Public boating facilities – countywide maintenance	50,000
St. Inigoes Landing – replace bulkhead	99,000

Other Projects

Innovative Center for Autonomous Systems	250,000
Sotterly Plantation	100,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Point Lookout State Park – charge collection station/water system improvement	$493,000
St. Mary's River State Park – improvements	200,000

Historic St. Mary's City Commission

Dove Pier	300,000
Visitor Center	155,000

St. Mary's College

Academic Building and Auditorium – construction	1,800,000
Campuswide – infrastructure improvements	900,000

University System of Maryland

Southern Maryland Regional Higher Education Center	3,061,000

Somerset County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$13,492	$13,636	$144	1.1%
Compensatory Education	8,879	9,453	573	6.5%
Student Transportation	1,855	1,869	15	0.8%
Special Education	2,267	2,262	-5	-0.2%
Limited English Proficiency Grants	513	569	57	11.0%
Guaranteed Tax Base	1,334	1,286	-48	-3.6%
Adult Education	181	172	-9	-5.0%
Aging Schools[1]	38	38	0	0.0%
Teachers Retirement Special Grants[1]	0	60	60	n/a
Other Education Aid	495	431	-64	-13.0%
Primary and Secondary Education	***$29,053***	***$29,776***	***$722***	***2.5%***
Libraries	$277	$277	$0	0.0%
Community Colleges	716	874	159	22.2%
Health Formula Grant	496	537	42	8.4%
Transportation[2]	628	636	8	1.3%
Police and Public Safety[2]	234	240	6	2.8%
Fire and Rescue Aid[2]	280	314	33	11.9%
Recreation and Natural Resources	70	69	-1	-1.0%
Disparity Grant	4,908	4,908	0	0.0%
Teachers Retirement Supplemental Grant	382	382	0	0.0%
Other Direct Aid	49	49	0	0.0%
Total Direct Aid	**$37,093**	**$38,062**	**$969**	**2.6%**
Aid Per Capita	$1,439	$1,477	$38	2.6%
Property Tax Equivalent	2.56	2.64	0.08	3.1%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Somerset County for teachers, librarians, and community college faculty are estimated to be $2,927,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$264,000
Family Health and Chronic Disease	666,000
Developmental Disabilities	6,551,000
Behavioral Health Services	4,476,000
Social Services	
Homeless Services	6,000
Women's Services	99,000
Adult Services	55,000
Child Welfare Services	1,671,000
Senior Citizen Services	
Long-term Care	519,000
Community Services	326,000

Note: A portion of women's services funding supports services in Somerset, Wicomico, and Worcester counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.

C. Selected State Grants for Capital Projects

Public Schools*

Crisfield High School – construction	$1,430,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Chesapeake Bay Water Quality Projects

Smith Island wastewater treatment plant – nutrient removal	1,694,000

Waterway Improvement

Crisfield – public boating facilities maintenance	39,000
Public boating facilities – countywide maintenance	50,000
Rumbley Point – replace boat ramp and bulkhead	99,000
Shelltown – replace boat ramp and bulkhead	99,000
Tylerton – replace boat ramp	99,000

Other Projects

Edward W. McCready Hospital	239,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Somers Cove Marina – maintenance and upgrades	$300,000
Wellington WMA – building renovation	1,150,000

Department of Public Safety and Correctional Services

Eastern Correctional Institution – hot water system improvements	1,945,000

Maryland Environmental Service

Eastern Correctional Institution – co-generation plant upgrades	1,138,000
Eastern Correctional Institution – wastewater treatment plant upgrade	8,943,000

University System of Maryland

Eastern Shore – Nuttle Hall Residence renovation	9,200,000
Eastern Shore – School of Pharmacy and Allied Health Professions	3,500,000

Talbot County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$4,559	$4,597	$37	0.8%
Compensatory Education	4,892	5,129	237	4.8%
Student Transportation	1,610	1,644	33	2.1%
Special Education	1,016	1,047	31	3.1%
Limited English Proficiency Grants	834	805	-29	-3.5%
Adult Education	532	506	-27	-5.0%
Aging Schools[1]	38	38	0	0.0%
Teachers Retirement Special Grants[1]	0	101	101	n/a
Other Education Aid	508	446	-62	-12.2%
Primary and Secondary Education	***$13,991***	***$14,313***	***$322***	***2.3%***
Libraries	$108	$109	$1	1.1%
Community Colleges	1,773	1,750	-23	-1.3%
Health Formula Grant	388	420	32	8.4%
Transportation[2]	1,234	1,259	25	2.0%
Police and Public Safety[2]	403	422	19	4.7%
Fire and Rescue Aid[2]	300	336	36	11.9%
Recreation and Natural Resources	312	310	-2	-0.7%
Total Direct Aid	**$18,509**	**$18,919**	**$410**	**2.2%**
Aid Per Capita	$493	$504	$11	2.2%
Property Tax Equivalent	0.22	0.23	0.01	2.4%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Talbot County for teachers, librarians, and community college faculty are estimated to be $3,936,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$267,000
Family Health and Chronic Disease	435,000
Developmental Disabilities	4,313,000
Behavioral Health Services	3,807,000
Social Services	
Homeless Services	28,000
Women's Services	19,000
Adult Services	44,000
Child Welfare Services	1,330,000
Senior Citizen Services	
Long-term Care	350,000
Community Services	114,000

Note: Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.

C. Selected State Grants for Capital Projects

Community Parks and Playgrounds

Nace's Park	$106,000
Oxford Causeway Park	50,000

Chesapeake Bay Water Quality Projects

Oxford wastewater treatment plant – nutrient removal	2,010,000

Waterway Improvement

Oxford – public boating facilities improvements	50,000

Other Projects

Chesapeake Bay Maritime Museum	250,000

D. Capital Projects for State Facilities in the County

Military

Easton Readiness Center	$771,000

Washington County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$98,673	$100,353	$1,680	1.7%
Compensatory Education	42,859	42,874	15	0.0%
Student Transportation	7,101	7,217	115	1.6%
Special Education	8,099	8,345	246	3.0%
Limited English Proficiency Grants	1,974	1,871	-103	-5.2%
Guaranteed Tax Base	4,944	5,632	688	13.9%
Adult Education	170	162	-9	-5.0%
Aging Schools[1]	135	135	0	0.0%
Teachers Retirement Special Grants[1]	0	472	472	n/a
Other Education Aid	2,050	2,006	-44	-2.1%
Primary and Secondary Education	***$166,004***	***$169,066***	***$3,061***	***1.8%***
Libraries	$1,206	$1,238	$32	2.7%
Community Colleges	8,754	9,336	582	6.6%
Health Formula Grant	1,625	1,761	136	8.4%
Transportation[2]	2,825	2,868	43	1.5%
Police and Public Safety[2]	1,391	1,513	122	8.8%
Fire and Rescue Aid[2]	307	342	35	11.5%
Recreation and Natural Resources	727	721	-6	-0.8%
Disparity Grant	1,516	1,698	182	12.0%
Other Direct Aid	117	117	0	0.0%
Total Direct Aid	**$184,472**	**$188,659**	**$4,187**	**2.3%**
Aid Per Capita	$1,233	$1,261	$28	2.3%
Property Tax Equivalent	1.48	1.50	0.02	1.3%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Washington County for teachers, librarians, and community college faculty are estimated to be $19,473,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$905,000
Family Health and Chronic Disease	557,000
Developmental Disabilities	22,798,000
Behavioral Health Services	16,925,000
Social Services	
Homeless Services	165,000
Women's Services	223,000
Adult Services	240,000
Child Welfare Services	5,375,000
Senior Citizen Services	
Long-term Care	265,000
Community Services	100,000

C. Selected State Grants for Capital Projects

Public Schools*

Boonsboro Elementary School – renovations (HVAC)	$850,000
Funkstown Elementary School – renovations (roof)	150,000
Hancock Middle/High School – renovations (HVAC)	1,360,000
Jonathan Hager Elementary School – construction	683,000
South Hagerstown High School – renovations (roof)	915,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Public Libraries

Hancock Library – construction	300,000

Hagerstown Community College

Learning Resource Center – renovation	1,918,000

Community Parks and Playgrounds

Shafer Park	55,000

Water Supply Financial Assistance Program

R.C. Wilson Water Treatment Plant – improvements	691,000

Other Projects

Doey's House	100,000
Robert W. Johnson Community Center	50,000
The Maryland Theatre	75,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Albert Powell Fish Hatchery – upgrades	$228,000

Department of Public Safety and Correctional Services

Correctional Institution Hagerstown – perimeter security upgrade	1,042,000
Correctional Training Center – replace windows and heating systems	655,000

Maryland Environmental Service

Greenbrier State Park – water storage tanks	339,000
Maryland Correctional Institution – wastewater treatment plant improvements	2,000,000

Wicomico County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$70,825	$73,230	$2,405	3.4%
Compensatory Education	40,086	42,670	2,584	6.4%
Student Transportation	5,242	5,280	38	0.7%
Special Education	7,453	7,988	536	7.2%
Limited English Proficiency Grants	4,009	4,251	242	6.0%
Guaranteed Tax Base	4,946	6,018	1,072	21.7%
Adult Education	324	308	-16	-5.0%
Aging Schools[1]	107	107	0	0.0%
Teachers Retirement Special Grants[1]	0	394	394	n/a
Other Education Aid	1,296	1,252	-44	-3.4%
Primary and Secondary Education	***$134,288***	***$141,497***	***$7,209***	***5.4%***
Libraries	$971	$1,001	$30	3.1%
Community Colleges	4,987	5,070	83	1.7%
Health Formula Grant	1,116	1,209	93	8.4%
Transportation[2]	2,316	2,367	51	2.2%
Police and Public Safety[2]	1,066	1,117	51	4.8%
Fire and Rescue Aid[2]	297	332	35	11.9%
Recreation and Natural Resources	335	331	-3	-1.0%
Disparity Grant	7,364	7,926	561	7.6%
Teachers Retirement Supplemental Grant	1,568	1,568	0	0.0%
Total Direct Aid	**$154,307**	**$162,417**	**$8,111**	**5.3%**
Aid Per Capita	$1,507	$1,587	$79	5.3%
Property Tax Equivalent	2.52	2.64	0.12	4.7%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Wicomico County for teachers, librarians, and community college faculty are estimated to be $13,404,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$874,000
Family Health and Chronic Disease	886,000
Developmental Disabilities	18,854,000
Behavioral Health Services	13,136,000
Social Services	
Homeless Services	26,000
Women's Services	99,000
Adult Services	22,000
Child Welfare Services	2,993,000
Senior Citizen Services	
Long-term Care	519,000
Community Services	326,000

Note: A portion of women's services funding supports services in Somerset, Wicomico, and Worcester counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.

C. Selected State Grants for Capital Projects

Public Schools*

Parkside High School – renovations (HVAC/mechanical/ceilings)	$6,727,000
Wicomico Middle School – renovations (roof)	500,000

* The final allocation of fiscal 2017 school construction funding will be made in May 2016.

Public Libraries

Salisbury Library – renovation	320,000

Wor-Wic Community College

Academic & Administrative Building/Maner Technology Center – renovation	3,053,000

Waterway Improvement

Cedar Hill Marina – replace bulkhead, pilings, and finger piers	99,000
Salisbury – marina facility improvements	25,000

Other Projects

Arthur Perdue Stadium	775,000
Habitat for Humanity of Wicomico County	100,000
Ward Museum of Wildfowl Art	300,000

D. Capital Projects for State Facilities in the County

General Government

Salisbury District Court/Multi-Service Center	$400,000

Department of Agriculture

Salisbury Animal Health Laboratory	750,000

University System of Maryland

Salisbury University – Sea Gull Stadium turf field replacement	425,000

Worcester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2016	FY 2017	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$6,531	$6,538	$7	0.1%
Compensatory Education	7,377	7,302	-76	-1.0%
Student Transportation	2,981	3,016	35	1.2%
Special Education	1,788	1,791	3	0.2%
Limited English Proficiency Grants	372	367	-5	-1.3%
Adult Education	146	139	-7	-5.0%
Aging Schools[1]	38	38	0	0.0%
Teachers Retirement Special Grants[1]	0	101	101	n/a
Other Education Aid	580	535	-45	-7.7%
Primary and Secondary Education	***$19,814***	***$19,828***	***$15***	***0.1%***
Libraries	$147	$150	$3	2.0%
Community Colleges	2,093	2,243	150	7.2%
Health Formula Grant	429	465	36	8.4%
Transportation[2]	1,664	1,693	30	1.8%
Police and Public Safety[2]	648	768	120	18.5%
Fire and Rescue Aid[2]	346	386	40	11.6%
Recreation and Natural Resources	298	294	-3	-1.1%
Gaming Impact Aid	3,068	3,287	218	7.1%
Other Direct Aid	399	399	0	0.0%
Total Direct Aid	**$28,906**	**$29,514**	**$608**	**2.1%**
Aid Per Capita ($)	$561	$573	$12	2.1%
Property Tax Equivalent ($)	0.19	0.20	0.01	0.5%

[1] Funding was provided by the General Assembly for these programs in the fiscal 2017 budget; however, spending the funds provided is at the discretion of the Governor.
[2] Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2017 State payments for Worcester County for teachers, librarians, and community college faculty are estimated to be $7,510,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2017 general and special fund allocations for various programs. Note that for many programs, the amounts shown for a county are based on the county's share of prior year funding (fiscal 2016) and may change. The funding shown for behavioral health services includes $1 million in the fiscal 2017 budget restricted by the General Assembly for these services; however, the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$415,000
Family Health and Chronic Disease	588,000
Developmental Disabilities	2,606,000
Behavioral Health Services	6,730,000
Social Services	
Homeless Services	26,000
Women's Services	123,000
Adult Services	44,000
Child Welfare Services	1,758,000
Senior Citizen Services	
Long-term Care	519,000
Community Services	326,000

Note: A portion of women's services funding supports services in Somerset, Wicomico, and Worcester counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.

C. Selected State Grants for Capital Projects

Public Libraries

Berlin Library – construction	$704,000

Wor-Wic Community College

Academic & Administrative Building/Maner Technology Center – renovation	3,053,000

Community Parks and Playgrounds

Henry Park	96,000
Ocean City Boardwalk Playground	121,000

Waterway Improvement

Public Landing Marina – improvements	80,000
Shell Mill Road – parking area improvements	50,000

Other Projects

Delmarva Discovery Center and Museum	125,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Assateague State Park – replace bulkhead	$150,000
Ocean City – beach replenishment	1,000,000

Part B
Taxes

Property Tax

Tax Administration

Enterprise Zone Property Tax Credit

Businesses located or locating in an enterprise zone may receive a 10-year property tax credit against local real property taxes. The amount of the property tax credit is based on a specified percentage of assessment increases resulting from the value of real property improvements. During the course of the property tax credit period, the State Department of Assessments and Taxation (SDAT) is responsible for reimbursing local governments for 50% of the property tax revenue lost as a result of the credit.

Quarterly or more frequently, each local government must submit a request to SDAT for its reimbursement amount. Within five working days after SDAT receives the request from a local government, the department must certify to the Comptroller the reimbursement due to each local government. The Comptroller must reimburse each local government within five working days after receiving the certification from SDAT.

Senate Bill 76 (passed) is a departmental bill that alters the schedule for the State's reimbursement of its share of the enterprise zone property tax credit to a county or municipality. The bill specifies that a county or municipality must submit its annual request for State reimbursement of the tax credit to SDAT by June 30 of each year. The department is required to certify to the Comptroller the reimbursement due to each local government by July 31 of each year, and the Comptroller must make the reimbursement to each local government by August 31 of each year. If a county or municipality submits a request after June 30, the department and the Comptroller each have 30 days to certify and reimburse the amount.

Property Assessment Appeals

House Bill 488 (passed) requires a supervisor of assessments or the supervisor's designee to hold a hearing on a written appeal of a change in the value or classification of property that is transferred to a new owner by the later of (1) 90 days after receiving the written appeal or (2) 90 days after the deed evidencing the transfer is recorded.

House Bill 1363 (passed) alters the property tax assessment appeals process. In particular, SDAT is required to provide specified information to the taxpayer requesting an assessment appeal within a specified time period.

Homeowners' and Renters' Property Tax Credit Programs

The Homeowners' Property Tax Credit Program is a State-funded program (*i.e*., the State reimburses local governments) providing credits against State and local real property taxes for homeowners who qualify based on a sliding scale of property tax liability and income. ***Senate Bill 322*/*House Bill 378 (both passed)*** require SDAT to provide the Comptroller with a list of owners of residential properties with an assessed value of $300,000 or less who failed to claim the homeowners' property tax credit during the preceding three years. The Comptroller must (1) review the information provided by SDAT; (2) identify individuals who may be eligible but failed to claim the tax credit; and (3) provide the contact information of the identified individuals to SDAT. SDAT must then contact these individuals by mail to inform them on how to apply for the tax credit. The Comptroller must assist SDAT in audits and post audits of applications for the tax credit.

The Renters' Property Tax Credit Program provides relief for elderly or disabled renters from the burden of rent payments attributable to State and local real property taxes. It is not actually a tax credit but rather a payment directly to eligible renters to provide relief for the "assumed property tax" that renters indirectly pay as part of their rent. ***House Bill 340 (passed)*** alters the Renters' Property Tax Credit Program by (1) changing the percentages used to calculate the amount of the tax credit and (2) increasing the maximum credit allowed.

Personal Property Tax

House Bill 69 (passed) authorizes county and municipal governments to provide up to a 50% property tax credit for personal property that is owned or leased by a business entity that has been in operation for two years or less or has 15 employees or less. The credit does not apply to the operating property of a railroad or public utility.

In January 2010, the Maryland Port Administration executed a 50-year lease agreement with Ports America Chesapeake for the 200-acre Seagirt Marine Terminal. In return, Ports America Chesapeake agreed to construct a 50-foot berth for the Port of Baltimore that will accommodate larger vessels. Ports America Chesapeake owns several cranes and other personal property that is currently subject to personal property taxes in Baltimore City. ***House Bill 1299 (passed)*** provides a property tax exemption for a person's interest in personal property located on property owned by the State if the personal property is a crane used for cargo handling purposes.

Tax Credits

House Bill 898 (passed) authorizes local governments to grant, by law, a property tax credit for a dwelling of (1) an individual who is at least 65 years old and has lived in the same dwelling for at least the preceding 40 years or (2) a retired member of the U.S. Armed Forces who is at least 65 years old. The amount of the property tax credit may not exceed 20% of the county or municipal property tax imposed on the property and may be granted for up to five years.

Tax Sales

Senate Bill 591/House Bill 970 (both passed) require the plaintiff in an action to foreclose the right of redemption on a property purchased at a tax sale to send specified notices to a condominium association, as well as a homeowners association, if the property at issue is part of the association. Notices must be sent to the last reasonably ascertainable address of the association. The bills also require that, once a judgment in an action to foreclose the right of redemption is granted, the plaintiff immediately becomes liable for the payment of assessments or fees charged by a condominium association or a homeowners association from the date of judgment. Additionally, the bills authorize the plaintiff in an action to foreclose the right of redemption to be sued in a collection action for fees due from the date of the judgment and specify that it is not a defense that the deed to the property has not been recorded.

House Bill 385 (passed) requires the tax collector in Baltimore City to sell the whole fee simple interest in an abandoned property to a purchaser at a tax sale when the property is subject to a ground rent or lease for a term of 99 years renewable forever, regardless of whether the minimum bid was less than the lien amount. The effect is to extinguish the ground rent or lease with the transfer. The bill also specifies that an abandoned property consists of either a vacant lot or improved property cited as vacant and unfit for human habitation on a housing or building violation notice.

Local Property Taxes

Anne Arundel County

House Bill 366 (Ch. 102) authorizes Anne Arundel County and a municipality in the county to grant, by law, a property tax credit against the county or municipal property tax imposed on $15,000 of the assessment of a dwelling house owned by a specified blind individual. The Act also prohibits a person from receiving this property tax credit if the person also receives a specified property tax exemption for disabled veterans and surviving spouses.

Senate Bill 47 (Ch. 42) authorizes Anne Arundel County or a municipality in the county to grant a property tax credit against the county or municipal property tax imposed on real or personal property that is (1) owned or leased by a specified "benefit corporation" or "benefit limited liability company"; (2) not used for residential purposes; and (3) used in a trade or business by a benefit corporation or benefit limited liability company.

Senate Bill 8/House Bill 37 (both passed) alter the conditions under which payment becomes due for deferred county property taxes under Anne Arundel County's property tax deferral program.

Baltimore City

House Bill 36 (passed) authorizes Baltimore City to grant a property tax credit for real property located in a neighborhood that the Baltimore City Housing Department determines has a vacant dwelling rate of at least 35% for each of the prior three years. The property tax credit granted is for up to 100% of the property tax imposed on the value of the improvements for the first 10 taxable years in which the property qualifies for the tax credit.

Senate Bill 552/House Bill 146 (both passed) are emergency bills that authorize Baltimore City to grant, by law, a property tax credit for a dwelling owned by a Baltimore City public safety officer if the public safety officer is otherwise eligible for the homestead property tax credit. The amount of the property tax credit may not exceed $2,500 per dwelling in any taxable year.

Calvert County

House Bill 1445 (Ch. 138) authorizes Calvert County to grant, by law, a county property tax credit for real property owned by a business entity that obtains new or expanded premises in a commerce zone by purchasing newly constructed premises, constructing new premises, or causing new premises to be constructed.

Frederick County

Chapter 650 of 2012 authorized Frederick County to grant a property tax credit against the county property tax imposed on real property owned or leased by a new or expanding business that creates new jobs, provided specified conditions are met. ***Senate Bill 884/House Bill 320 (both passed)*** alter specified eligibility requirements for a business entity in Frederick County to qualify for the property tax credit for real property owned or leased by the business entity.

Garrett County

Senate Bill 1080 (passed) authorizes Garrett County to provide a property tax exemption for real property that is (1) owned by the Garrett College Board of Trustees; (2) known as the Garrett Information Enterprise Center; and (3) used as a business incubator.

Harford County

Senate Bill 552/House Bill 146 are emergency bills that authorize Harford County to expand an existing optional property tax credit for disabled law enforcement officers or rescue workers to also be available for specified surviving spouses or cohabitants under certain circumstances.

Prince George's County

Senate Bill 256/House Bill 1017 (both passed) authorize Prince George's County to provide, by law, a property tax payment deferral for residential real property occupied as the principal residence of the owner. To be eligible, the property owner must have lived in the dwelling for the previous five years and be at least 70 years of age. In addition, the combined gross income of specified individuals living in the dwelling may not exceed $45,000. The bills require Prince George's County to establish and promote a countywide public information, awareness, and education campaign on the property tax deferral program.

St. Mary's County

Senate Bill 998/House Bill 917 (both passed) authorize St. Mary's County or a municipality in St. Mary's County to grant, by law, a 10-year property tax credit for any property owned or leased by a new or expanding business that creates 10 or more full-time jobs in an industry targeted for expansion by the St. Mary's County Economic Development Commission.

Washington County

Senate Bill 227/House Bill 790 (both passed) authorize Washington County to grant, by law, a property tax credit for the dwelling house owned by a disabled veteran or the surviving spouse of a disabled veteran in an amount equal to the percentage of the disabled veteran's service-connected disability rating.

Income Taxes

Income Tax Reduction Proposals

Both the House and Senate passed legislation, ***Senate Bill 840 (failed)***, proposing to reduce State individual income taxes. A conference committee was appointed to reconcile the differences between the two houses, but no agreement was reached.

As passed by the Senate, ***Senate Bill 840*** decreased State income taxes by (1) reducing over five tax years State income tax rates imposed on certain higher income taxpayers; (2) expanding the State earned income tax credit that can be claimed by individuals without qualifying children by increasing its value and extending eligibility to individuals who do not currently qualify under federal law; and (3) increasing over four tax years the personal exemption amount that can be claimed by taxpayers with federal adjusted gross income of $100,000 or less, or $150,000 or less if married filing jointly.

It is estimated that as passed by the Senate, State revenues would have decreased by $98 million in fiscal 2017, $133 million in fiscal 2018, $169 million in fiscal 2019, $209 million in fiscal 2020, and $237 million in fiscal 2021.

As passed by the House, ***Senate Bill 840*** would have expanded the State earned income tax credit that can be claimed by individuals without qualifying children in a similar manner as proposed by the Senate. The House did not include the State income tax rate reductions for higher income taxpayers and increased personal exemption amount as described above but instead proposed to reduce the existing State income tax rate bracket of 4.75% to 4.65%. The House also proposed to reduce State and local taxes imposed on certain retirement income of an individual who is at least 55 years old and was employed as a law enforcement officer or as fire, rescue, or emergency services personnel of the United States, the State, or a local jurisdiction.

In addition to the proposed individual income tax reductions, ***Senate Bill 840*** as passed by the House would have required all multi-state corporations to allocate income to Maryland using a single sales factor apportionment formula.

It is estimated that as passed by the House, State revenues would have decreased by $64 million in fiscal 2017, $185 million in fiscal 2018, $191 million in fiscal 2019, $196 million in fiscal 2020, and $201 million in fiscal 2021.

Tax Credit Legislation

New Tax Credits

Aerospace, Electronics, or Defense Contract: Senate Bill 1112 (passed) creates a tax credit against the State income tax for a business that is certified by the Department of Commerce as operating a qualifying aerospace, electronics, or defense contract tax credit project. The Department of Commerce may award a maximum of $7.5 million in tax credits in each year to a business that is certified as meeting the requirements of the program. It is estimated that State revenues will decrease by $7.5 million annually in fiscal 2017 through 2021. For a more detailed discussion of ***Senate Bill 1112***, see the subpart "Economic Development" within Part H – Business and Economic Issues of this *90 Day Report.*

Student Loan Debt: Senate Bill 676/House Bill 1014 (both passed) allow a qualified taxpayer to claim a refundable credit of up to $5,000 against the State income tax beginning in tax year 2017. The Maryland Higher Education Commission may approve up to $5 million in credits in each year. In order to qualify, an individual must have incurred at least $20,000 in undergraduate student loan debt, have at least $5,000 in outstanding undergraduate student loan debt at the time of application, and meet additional program requirements. For a more detailed discussion of ***Senate Bill 676/House Bill 1014***, see the subpart "Higher Education" within Part L – Education of this *90 Day Report.*

Preceptors in Areas with Health Care Workforce Shortages: Senate Bill 411/House Bill 1494 (both passed) create a tax credit against the State income tax for a licensed physician or nurse practitioner who serves without compensation as a preceptor in an approved preceptorship program. Each year, the Department of Health and Mental Hygiene may issue up to $100,000 for each of the physician preceptorship credits and nurse practitioner preceptorship credits.

Tax Credit Expansions

The biotechnology investment and cybersecurity investment tax credit programs provide tax credits for eligible investments in biotechnology and cybersecurity companies, respectively. ***House Bill 1167 (passed)*** and ***House Bill 1168 (passed)*** increase the value of each tax credit if the company in which an investment is made is located in Allegany, Dorchester, Garrett, or Somerset counties.

House Bill 1012 (passed) increases the maximum amount of the commuter benefit tax credits that a business entity may claim from $50 to $100 per employee per month and also decreases the minimum seating capacity of a vehicle used in vanpools that may be eligible for the credit.

Senate Bill 137/House Bill 276 (both passed) expand the existing preservation and conservation easement income tax credit by allowing a member of a pass-through entity to claim the credit and for easements conveyed to the Department of Natural Resources to qualify for the credit. The Board of Public Works must approve credits for pass-through entities on a first-come, first-served basis, and no more than $200,000 in aggregate credits may be claimed by members of pass-through entities in a taxable year.

Tax Credit Extensions

Senate Bill 759 (passed) reestablishes the Sustainable Communities Tax Credit Program as the Heritage Structure Rehabilitation Tax Credit Program, extends the termination date of the program through fiscal 2022, and requires the Governor to include an appropriation for the commercial credit program in fiscal 2018 through 2022. The bill also alters certain program eligibility requirements and procedures, including the elimination of the requirement that the Maryland Historical Trust must evaluate as part of its commercial project scoring system whether proposed projects are located in jurisdictions that have been historically underrepresented in the award of commercial rehabilitation tax credits.

Senate Bill 936 (passed) extends the termination date of the clean energy incentive tax credit from December 31, 2015, to December 31, 2018, and removes eligibility for facilities that produce electricity from a qualified energy resource that is co-fired with coal. The bill specifies that the amount of credits that the Maryland Energy Administration can award in fiscal 2018 and 2019 cannot exceed the amount of money appropriated to a reserve fund established by the bill.

Subtraction Modification Legislation

Senate Bill 374/House Bill 335 (both passed) expand eligibility for the college savings plan income tax subtraction modification by allowing each person who contributes funds to a qualified plan to claim the subtraction modification.

House Bill 431 (Ch. 39) establishes the Maryland Achieving a Better Life Experience (ABLE) Program. An income tax subtraction modification is created for contributions to an ABLE account that is similar to the subtraction modifications for contributions to existing college savings plans. For a more detailed discussion of the ABLE program, see the subpart "Social Services" within Part J – Health and Human Services of this *90 Day Report*.

Senate Bill 676*/*House Bill 1014 (both passed) create a subtraction modification for certain account holders for contributions by the State to investment accounts, the proceeds of which are used for qualified higher education expenses at eligible educational institutions. For a more detailed discussion of ***Senate Bill 676*/*House Bill 1014***, see the subpart "Higher Education" within Part L – Education of this *90 Day Report.*

Law Enforcement Officers: House Bill 1016 (passed) exempts up to $5,000 of the income earned by a law enforcement officer if the officer resides in the political subdivision in which the officer is employed and the crime rate in the political subdivision exceeds the State's crime rate. For a more detailed discussion of this bill, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Tax Administration

In *Maryland State Comptroller of the Treasury v. Brian Wynne, et ux.*, 431 Md. 147 (2013) (Wynne case), the Maryland Court of Appeals upheld a ruling of the Howard County Circuit Court that the failure of the State to allow a credit with respect to the county income tax for out-of-state income taxes paid to other states on pass-through income earned in those states discriminates against interstate commerce and violates the Commerce Clause of the U.S. Constitution. The State appealed the decision to the U.S. Supreme Court, which affirmed the judgment of the Maryland Court of Appeals on May 18, 2015.

Senate Bill 766 (Ch. 24) alters the time period in which local jurisdictions must reimburse the local income tax reserve account pursuant to specified refunds resulting from the final decision under the Wynne case. The Act delays and lengthens the time period for reimbursing the local income tax reserve account, if a local government does not reimburse the account in a timely fashion, by requiring the Comptroller to withhold from the affected local government's quarterly income tax distributions in 20 equal installments beginning in the fourth quarter of fiscal 2019.

The Act also establishes a process for reconciling local income tax revenues for counties and municipalities that are determined by the Comptroller to have received an underpayment or overpayment of local income tax revenues.

The warrant intercept program authorizes an official of the federal, State, or local government charged with serving a criminal arrest warrant to certify to the Comptroller that an individual who is either a Maryland resident or who receives income from Maryland has an outstanding warrant and to request that the Comptroller withhold the individual's income tax refund. The program applies only to individuals who are residents of or have an outstanding warrant from Anne Arundel County, Washington County, or Baltimore City. ***Senate Bill 425 (passed)*** authorizes all counties to participate in the warrant intercept program if the sheriff of the county notifies the Comptroller that the county intends to participate in the program.

Under the federal Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, corporations generally must file federal corporate income tax returns by the April 15 that follows that taxable year or by the fifteenth day of the fourth month after the end of its tax year. ***Senate Bill 288*/*House Bill 484 (both passed)*** generally conform to the federal law by extending by one month the filing date by which a corporation must complete and file a State income tax return.

House Bill 1054 (passed) reduces the maximum penalty that may be imposed on a person who fails to pay income taxes from 25% to 10%.

Senate Bill 185*/*House Bill 1333 (both passed) accelerate, from February 28 to January 31, the date by which employers or payors of specified withholding payments must submit a withholding statement to the Comptroller.

House Bill 1148 (passed) requires the Comptroller to alter the personal income tax form by January 1, 2017, in order to collect specified information on a taxpayer's (1) amount and sources of retirement income; (2) total Social Security benefits received; and (3) State pension exclusion claimed.

Sales Tax

Accommodations

Under the State sales and use tax law, an accommodation is subject to the State sales tax rate of 6%. An accommodation is defined as a right to occupy a room or lodgings as a transient guest. An accommodation is purchased either directly from an accommodations provider, such as a hotel, or via an accommodations intermediary that facilitates the sale of an accommodation. An online travel company is an accommodations intermediary that typically pays a discounted rate for hotel rooms that it sells and then retains certain fees that are part of the total price paid by customers. During the 2015 session, the General Assembly passed Senate Bill 190, which clarifies that the taxable price, for the sale of an accommodation facilitated by an accommodations intermediary, is the full amount of consideration paid by a buyer for the accommodation. In addition, accommodations intermediaries are included in the definition of a vendor and required to collect and remit sales taxes to the Comptroller. The Governor vetoed the bill, but the General Assembly overrode the veto during the 2016 session and the bill became law ***(Ch. 3)***.

Construction Material and Warehousing Equipment

Senate Bill 1062*/*House Bill 1533 (both passed) exempt from the State sales and use tax the sale of construction material or warehousing equipment, if the material or equipment is purchased by a person for use solely on property in Baltimore County that was previously owned by Bethlehem Steel Corporation or any of its subsidiaries and is the subject of an approved application for participation in a certain voluntary cleanup program. The sales and use tax exemption terminates on June 30, 2026.

Miscellaneous Taxes

Tax Administration

The Comptroller is required to set the annual interest rate on tax refunds and money owed to the State at the greater of 13.0% or 3 percentage points above the average prime rate of interest in the previous fiscal year, based on information from the Federal Reserve Bank. ***House Bill 422 (passed)*** phases in reductions to the annual interest rate by setting the rate at equal to the greater of 12.0% for calendar 2017, 11.5% for calendar 2018, 11.0% for calendar 2019, 10.5% for calendar 2020, 10.0% for calendar 2021, 9.5% for calendar 2022, and 9.0% for calendar 2023 and each year thereafter or 3 percentage points above the average prime rate of interest in the previous fiscal year, based on information from the Federal Reserve Bank. General fund revenues decrease by $2.2 million in fiscal 2017 and by $11.9 million in fiscal 2021 due to the decrease in interest income revenues.

The Tax Credit Evaluation Act provides a legislative process for evaluating specified tax credits. The evaluation process is conducted by a tax credit evaluation committee that is appointed jointly by the President of the Senate and Speaker of the House. ***Senate Bill 843 (passed)*** alters the tax credits to be evaluated and the process for evaluating those tax credits. Specifically, the bill adds the cybersecurity investment, Regional Institution Strategic Enterprise (RISE) zones, and job creation tax credits to the list of credits to be reviewed by the tax credit evaluation committee. In addition, the bill requires the Comptroller to adopt procedures and protocols related to the administration of Maryland's tax system, including a private letter ruling process for tax guidance. If the Comptroller determines that adopting these procedures and protocols will have more than an incidental impact on the Comptroller's annual budget, the Comptroller must request additional resources in the agency's fiscal 2018 budget request to the Governor.

Transportation Taxes

Chapter 180 of 2013 established a $15,000 per vessel cap on the amount of the vessel excise tax. The provision establishing the cap terminates June 30, 2016. ***Senate Bill 58*****/*****House Bill 14 (both passed)*** make permanent the $15,000 per vessel cap on the amount of the vessel excise tax but require the cap to increase by $100 on July 1 of each year beginning on July 1, 2016.

Senate Bill 520 (passed) exempts from the motor fuel tax motor fuel that is purchased for use in a school bus (1) owned by a county board of education or (2) used to transport students by a school bus operator under contract with a county board of education. The bill also authorizes a refund of motor fuel tax paid for motor fuel purchased for the same uses.

A vehicle excise tax of 6% is generally imposed on the total purchase price of a leased or purchased vehicle. The total purchase price of a vehicle purchased from a licensed dealer is the price of the vehicle agreed on by the buyer and seller, including any dealer processing charges, minus an allowance for a trade-in. If a person who leases a vehicle trades in a nonleased vehicle, the total purchase price is the retail value of the vehicle as certified by the dealer, including any dealer processing charges, less an allowance for the trade-in of the nonleased vehicle.

House Bill 986 (passed) allows a person to deduct the trade-in allowance for a leased vehicle for purposes of calculating the vehicle excise tax if the person is purchasing a vehicle or leasing another vehicle from a different leasing company.

Recordation and Transfer Taxes

Generally, transfers between subsidiaries of the same limited liability companies (LLC) and transfers between an existing subsidiary LLC and a new LLC that have identical ownership are taxable. However, transfers between subsidiaries of the same corporation and transfers between an existing subsidiary corporation and a new corporation that have identical ownership are not taxable. ***Senate Bill 597*/*House Bill 1226 (both passed)*** exempt from the recordation tax and State transfer tax certain transfers of controlling interest between subsidiaries of the same LLC and transfers between an existing subsidiary LLC and a new LLC that have identical ownership.

The transfer tax imposed by the State on a transfer of agricultural land includes, by definition, a 25% surcharge. In *Montgomery County v. Phillips, et al.*, 445 Md. 55 (2015), the Maryland Court of Appeals held that since the definition of the State agricultural land transfer tax includes the surcharge, it must be calculated into, and treated as a part of, the limitation on the county agricultural land transfer tax that may be imposed. ***Senate Bill 306/House Bill 833 (both passed)*** alter the definition of the State agricultural land transfer tax to exclude the 25% surcharge and impose the surcharge as a separate charge independent of the State agricultural land transfer tax. Beginning in fiscal 2017, local jurisdictions will not have to include the surcharge when calculating the county transfer tax rate limitation. As a result, local agricultural land transfer tax revenues will increase by a potentially significant amount.

Admissions and Amusement Tax

Senate Bill 377*/*House Bill 451 (both passed) alter the distribution of revenue attributable to a 5% State admissions and amusement tax rate on electronic bingo and electronic tip jars so that up to $1 million in each fiscal year goes to the Special Fund for Preservation of Cultural Arts in Maryland and the remaining revenues are distributed to the Maryland State Arts Council (MSAC) instead of all of the revenues going to the special fund. Any funds distributed to MSAC from the tax must be included in MSAC’s prior fiscal year appropriation for purposes of calculating MSAC’s required general fund appropriation.

Senate Bill 499*/*House Bill 1227 (both passed) authorize Baltimore City to exempt, by law, gross receipts from any charge or fee to participate in an amateur recreational sports event or league from the admissions and amusement tax. The bills also specify that the admissions and amusement tax may not be imposed in Baltimore City on the gross receipts from any charge or fee that is collected prior to July 1, 2016, for participation in an amateur recreational sports event or league.

Alcoholic Beverage Taxes

Senate Bill 757*/*House Bill 648 (both passed) require the Comptroller to develop and implement procedures for the electronic filing of specified alcoholic beverage tax returns by January 1, 2018.

Part C
State Government

State Agencies, Offices, and Officials

State Agencies

Responsibilities of Agencies

Many State departments, agencies, and programs are required to take reasonable steps to provide equal access to public services for individuals with limited English proficiency. ***Senate Bill 28 (passed)*** expands that requirement to public websites if the content can be translated free of charge. Equal access versions must be available in any language spoken by any limited English proficient population that makes up at least 0.5% of the State's overall population. If machine translation services are used to meet these requirements, the department, agency, or program may post a disclaimer regarding the accuracy of the translation and liability for any loss or damage resulting from the use of or reliance on the translated content. Equal access to website content is not required if the content, including files in PDF format, images, and videos, cannot be translated through machine translation software or if an inaccurate translation could lead to a denial of benefits.

Senate Bill 28 further requires the Department of Information Technology to establish minimum standards for the equal access version websites, including the prominent placement of links on the English version of a website to each equal access version of the website. Units of local government are encouraged, but not required, to meet the same equal access requirements as the specified State departments, agencies, and programs.

A supranational issuer is an international development institution, such as the World Bank, that provides financing, advisory services, or other financial services to the institution's member countries to achieve the overall goal of improving living standards through sustainable economic growth. ***Senate Bill 1119 (passed)*** authorizes the State Treasurer to invest or reinvest unexpended or surplus money in an obligation issued and unconditionally guaranteed by a supranational issuer. Investments in supranational issuers must receive the highest credit rating category from a nationally recognized statistical rating organization, be denominated in U.S. dollars, and be eligible to be sold in the United States. Additionally, because each county has an investment policy that is limited by what State law allows, ***Senate Bill 1119*** will allow local governments to invest in supranational issuers.

A presidential memorandum on creating a federal strategy to promote the health of honey bees and other pollinators was issued in June 2014. Among its directives, the memorandum requires the U.S. Environmental Protection Agency to engage state environmental, agricultural, and wildlife agencies in the development of state pollinator protection plans. In response, ***House Bill 132 (passed)*** requires the Department of Natural Resources, the Maryland Environmental Service, and the State Highway Administration to each establish, in consultation with the Maryland Department of Agriculture, a specified pollinator habitat plan by July 1, 2017. For a more detailed discussion of ***House Bill 132***, see the subpart "Agriculture" within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

In *Comptroller of the Treasury of Maryland v. Wynne* (2015), the U.S. Supreme Court affirmed a Maryland Court of Appeals ruling that the failure of the State to allow a credit with respect to the county income tax for out-of-state income taxes paid to other states on pass-through income earned in those states discriminates against interstate commerce and violates the Commerce Clause of the U.S. Constitution. ***Senate Bill 766 (Ch. 24)*** establishes a process for reconciling local income tax revenues for counties and municipalities that have received an underpayment or overpayment of local income tax revenues and alters the time period in which jurisdictions must reimburse the local income tax reserve account relating to refunds resulting from the U.S. Supreme Court ruling in the *Wynne* case. For a more detailed discussion of the *Wynne* case and ***Senate Bill 766***, see the subpart "Income Tax" within Part B – Taxes of this *90 Day Report*.

At least once every three years, the Office of Legislative Audits (OLA) must conduct a fiscal/compliance audit of each unit of State government, except for units of the Legislative Branch. ***Senate Bill 116 (Ch. 49)*** makes various changes to the audit requirements, requiring instead that OLA conduct each audit at an interval ranging from three to four years, unless the auditor determines on a case-by-case basis that more frequent audits are required. The Act also eliminates the requirement that OLA conduct certain audits, review other audit findings, and approve independent auditors.

Open Meetings Act

Under Maryland's Open Meetings Act, before meeting in open or closed session, a public body must provide reasonable advance notice of the session. ***House Bill 217 (passed)*** requires a public body to make available to the public prior to meeting in an open session an agenda that contains known items of business or topics to be discussed at the portion of the meeting that is open and that indicates whether the public body expects to close any portion of the meeting. If the agenda has been determined at the time the public body gives notice of the meeting, the agenda must be made available at the same time as the notice. Otherwise, the public body must make the agenda available as soon as practicable, but no later than 24 hours before the meeting. If a public body is unable to comply with those deadlines because the meeting is scheduled in response to an emergency or any other unanticipated situation, the public body must make available, on request, an agenda within a reasonable time after the meeting occurs. A public body is not prevented from altering the agenda of a meeting after the agenda has been made available to the public.

As soon as practicable after each open meeting of a public body, the public body must prepare written minutes of the meeting. Written minutes are not required if live and archived video or audio streaming of the open session is available or if individual public votes on legislation taken by members of the public body are posted promptly on the Internet. ***Senate Bill 17/House Bill 984 (both passed)*** increase from one to five the number of years that a public body is required to retain a copy of its minutes or recordings of open sessions. To the extent practicable, a public body must post the minutes or recordings online. The bills also remove the requirement that the minutes be written and the recordings be tapes.

Public Information Act

The Public Information Act (PIA) grants the public a broad right of access to records that are in the possession of State and local government agencies. The PIA's basic mandate is to enable people to have access to government records without unnecessary cost or delay. Chapters 135 and 136 of 2015 created the State Public Information Compliance Board and the Office of the Public Access Ombudsman in order to provide a centralized appeals process for all PIA disputes. ***House Bill 1105 (Ch. 132)*** requires a custodian of a public record for the Howard County Public School System (HCPSS) that charges an applicant a fee for access to public information, to provide a written notice advising the applicant of the option to file a complaint with the State Public Information Act Compliance Board to contest the fee.

Additionally, ***House Bill 1105*** requires the Public Access Ombudsman to investigate, evaluate, and issue a report to the public on HCPSS for the period beginning July 1, 2012, through December 31, 2015, regarding (1) the integrity and propriety of any refusal by the custodian to disclose a public record on the request of an applicant; (2) the validity of any declaration by the custodian that a public record requested by an applicant does not exist and cannot be produced; and (3) the reasonableness of any complaint by an applicant for a public record from HCPSS as to any delay in furnishing the record.

Administrative Procedure Act

Generally, a party aggrieved by the final decision in a contested case governed by the Administrative Procedure Act is entitled to judicial review of the decision. A reviewing court may either remand the case for further proceedings, affirm the agency's final decision, or reverse or modify the decision if any substantial right of the petitioner may have been prejudiced by the decision under specified circumstances. ***Senate Bill 942 (passed)*** authorizes a reviewing court to reverse or modify the final decision of an agency in a case involving termination of employment or employee discipline if the decision fails to reasonably state the basis for the termination or for the nature and extent of the penalty or sanction imposed by the agency.

Councils and Commissions

Chapter 559 of 2008 established the Maryland Youth Advisory Council to inform the Governor and the General Assembly about youth-related issues. ***House Bill 446 (passed)*** reduces, from 57 to 24, the membership of the council and repeals the requirement for the council to have members from the General Assembly and the Governor's Office for Children, thus establishing an all youth membership, including the chair. The bill also expands the council's duties, extends members' terms to two years, and alters the process for appointing members. Factors that must be considered when appointing or nominating members include the consideration of youth who are involved in established public and private youth councils and youth empowerment organizations in the State. Finally, ***House Bill 446*** requires the council to participate in local youth activities or organizations, advise local officials and community leaders on youth issues, and collect information from other youth groups in order to inform the activities of the council.

House Bill 1004 (passed) establishes an Equal Pay Commission in the Division of Labor and Industry. The commission must (1) study specified wage disparities; (2) develop a strategy to determine and recommend best practices regarding equal pay for equal work; (3) study and recommend administrative and legal processes and remedies to streamline and harmonize employment antidiscrimination laws; (4) partner with other private- and public-sector entities; and (5) share data and findings with the Commissioner of Labor and Industry to assist in enforcement actions of the Equal Pay for Equal Work law. The commission must report its findings and recommendations to the Governor and specified committees of the General Assembly by December 15, 2017, and annually thereafter. For a more detailed discussion of ***House Bill 1004***, see the subpart "Labor and Industry" within Part H – Business and Economic Issues of this *90 Day Report*.

Chapter 288 of 2002, which established new primary State education aid formulas based on adequacy cost studies and other education finance analyses, required a 10-year longitudinal study of the adequacy of education funding in the State. ***Senate Bill 905*****/*****House Bill 999 (both passed)*** establish the Commission on Innovation and Excellence in Education to review the findings of the adequacy study, due on December 1, 2016, and related studies, and provide recommendations on preparing students in the State to meet specified objectives. The commission must provide a preliminary report and a final report of its finding and recommendations to the Governor and specified committees by December 31, 2016, and December 31, 2017, respectively. The bill also reduces, for calendar 2016 and 2017, the scope of items that must be reported in a county board of education's annual update of its comprehensive master plan. For a more detailed discussion of ***Senate Bill 905/House Bill 999***, see the subpart "Education – Primary and Secondary" within Part L – Education of this *90 Day Report*.

The U.S. Department of Labor recommended that states consider bringing their respective state apprenticeship offices within their state workforce agencies in order to drive innovation in apprenticeships. ***Senate Bill 92 (passed)*** transfers the Maryland Apprenticeship and Training Council and the Youth Apprenticeship Advisory Committee from the Division of Labor and Industry to the Division of Workforce Development and Adult Learning. The bill also makes several changes relating to the duties of the Maryland Apprenticeship and Training Council consistent with the federal Workforce Innovation and Opportunity Act. Members of and consultants to the council, to the extent practicable, must reflect the geographic, racial, ethnic, cultural, and gender diversity of the State. Finally, ***Senate Bill 92*** adds two representatives from regional business councils to the Youth Apprenticeship Advisory Committee.

The Military and Veterans

Veterans Trust Fund

Chapter 742 of 2009 established the Maryland Veterans Trust Fund, which may be used to make grants and loans to veterans and their families and support public and private programs that serve veterans in the State. ***House Bill 202 (passed)*** requires the State Lottery and Gaming Control Commission to adopt regulations that require one video lottery operation licensee to (1) offer players the opportunity to donate coins, when receiving cash on payout, to the Maryland Veterans Trust Fund and (2) attach donation boxes near the exits of the video lottery facility with the proceeds dedicated to the Maryland Veterans Trust Fund. On or before January 1, 2019, the commission must report to the budget committees of the General Assembly on the implementation of the pilot program and include recommendations on its expansion, alteration, or repeal. For further discussion of ***House Bill 202***, see the subpart "Horse Racing and Gaming" within Part H – Business and Economic Issues of this *90 Day Report*.

Employment and Reemployment

The federal Servicemembers Civil Relief Act (SCRA) and Uniformed Services Employment and Reemployment Rights Act (USERRA) provide military members certain protections as they enter and serve on active duty. Both federal acts have been adopted into State law and become effective when military duty is ordered for a period of 14 days or longer. ***Senate Bill 281 (Ch. 62)*** repeals the application of the rights granted by the SCRA and USERRA to members of the Maryland Defense Force, since its members are volunteers that can be activated under State law but are never ordered to active duty under federal law. The Act also establishes that State and federal protections apply to members of the Maryland National Guard, regardless of residence or employment in the State, and to residents of the State who are members of the National Guard in another jurisdiction, when ordered to military duty by the chief executive officer of that jurisdiction, or by federal order.

Senate Bill 557/House Bill 249 (both passed) authorize a member of the Maryland National Guard whose employment and reemployment rights have been violated under the SCRA or USERRA to bring a civil action for economic damages including lost wages and benefits. The bills authorize a court to award in the civil action any economic damages to which the member of the National Guard may be entitled, reasonable counsel fees and other costs, and any other appropriate relief.

Higher Education

Senate Bill 606/House Bill 1458 (both passed) establish the Maryland College Collaboration for Student Veterans Commission in the Maryland Department of Veterans Affairs to ensure the educational success of returning veterans, facilitate the sharing of best practices, and work with institutions of higher education to provide and coordinate services to veterans, including training on the challenges of reintegration, behavioral health services, financial aid support, and peer support groups. "College Collaboration" means the Maryland College Collaboration for Student Veterans, a Memorandum of Understanding between the State and 21 public institutions of higher education, in which each agreed to carry out the tasks generally required of the commission under the bills. The commission is required to report on its activities annually to the Governor and the General Assembly.

Charlotte Hall Veterans Home

The Charlotte Hall Veterans Home, located in St. Mary's County, was established in 1985. While the facility is managed by a contractor, oversight of the facility and its programs is the responsibility of the Maryland Department of Veterans Affairs. ***House Bill 186 (passed)*** establishes the Charlotte Hall Veterans Home Fund as a special, nonlapsing fund to maintain the operation of the Charlotte Hall Veterans Home. The fund is capitalized exclusively by bed lease payments, and expenditures may only be made in accordance with the State budget. Bed lease payments are a daily rate paid by the contractor that operates the Charlotte Hall Veterans Home to the State in lease payments based on the total number of beds, regardless of whether all of the beds are filled.

State Designations

Commemorative Weeks

The Chesapeake Bay is the largest estuary in the United States and provides important economic resources, as well as recreational and educational experiences both in and around the water. ***Senate Bill 620 (passed)*** requires that the Governor annually proclaim the second week in June as Chesapeake Bay Awareness Week. The proclamation must urge educational and environmental organizations, including the Chesapeake Bay Foundation, Alliance for the Chesapeake Bay, Choose Clean Water Coalition, and Chesapeake Bay Commercial Fisherman's Association to observe Chesapeake Bay Awareness Week properly with appropriate events, activities, and programs designed to increase awareness of the importance of the Chesapeake Bay.

Commemorative Days

The ninth annual National Healthcare Decisions Day, as established by a nonprofit dedicated to the cause, will be commemorated on April 16, 2016. Healthcare Decisions Day is designed to raise public awareness of the need to plan ahead for health care decisions related to end of life care and medical decision making whenever patients are unable to speak for themselves and to encourage the specific use of Advance Directives to communicate important health care decisions. ***Senate Bill 442/House Bill 91 (both passed)*** require that the Governor annually proclaim April 16 as National Healthcare Decisions Day.

Miscellaneous

The Maryland Constitution provides for gubernatorial appointments in the event of a vacancy in the offices of the Attorney General and the Comptroller, and the Election Law Article provides for appointments to fill a U.S. Senate vacancy. ***House Bill 260 (passed)*** proposes a constitutional amendment to require the Governor to fill Attorney General or Comptroller vacancies from a list of three names submitted by the State central committee of the political party of the previous officeholder. In the second year of a term, however, if a vacancy occurs 21 days before the deadline for filing a certificate of candidacy for the regularly scheduled election, the successor must be chosen by special election. In statute, the bill modifies the process to fill a vacancy in the U.S. Senate to follow a similar process. For a more detailed discussion of ***House Bill 260***, see the subpart "Elections" under this part of this *90 Day Report*.

Based on recommendations of the Maryland Economic Development and Business Climate Commission, Chapter 141 of 2015 restructured the State's principal economic development entities and, among several other major changes, reorganized the Department of Business and Economic Development into the Department of Economic Competitiveness and Commerce. Concurrently, Executive Order 01.01.2015.22 changed the department's name to the Department of Commerce. ***Senate Bill 85/House Bill 59 (both passed)*** rename the Department of Economic Competitiveness and Commerce to be the Department of Commerce, repeal the office of the Secretary of Commerce in the Governor's Office, and repeal the executive director position in the department. The Secretary of Commerce remains the head of and responsible for the Department of Commerce. For further discussion of ***Senate Bill 85/House Bill 59***, see the subpart "Economic Development" within Part H – Business and Economic Issues of this *90 Day Report*.

Elections

Voter Registration

The General Assembly enacted legislation restoring voting rights to individuals convicted of a felony who are on parole or probation over the Governor's veto during the 2016 session. House Bill 980 of 2015 ***(Ch. 6)*** allows an individual convicted of a felony to register to vote immediately after being released from incarceration. The Act repeals a requirement that an individual convicted of a felony wait to exercise the franchise until after completing any term of parole or probation for the conviction. It is estimated that the Act allows approximately 40,000 individuals on parole or probation for a felony conviction to register to vote.

The General Assembly passed legislation to expand opportunities for citizens to register to vote when they interact with State government. ***House Bill 1007 (passed)*** requires the Maryland Health Benefit Exchange, Department of Human Resources (DHR), and the Mobility Certification Office in the Maryland Transit Administration to implement electronic voter registration systems. An electronic voter registration system is a system that, as an integral part of a transaction at an agency, offers an individual the opportunity to register to vote or update a voter registration record by entering the individual's voter registration information electronically and transmitting the information directly to the State Board of Elections (SBE). The Motor Vehicle Administration (MVA) has operated an electronic voter registration system since 2012, and the efficiency and convenience of the system has resulted in a significant increase in the number of voter registrations at the agency. MVA currently offers customers the opportunity to register to vote when initially applying for or renewing a driver's license or identification card; the bill would expand electronic voter registration at the administration to any other transaction in which the administration obtains all the information required for voter registration. The local departments of social services in DHR are required to implement an electronic voter registration system by December 1, 2019; the other agencies must do so by July 1, 2017.

The bill also expands access to voter registration by requiring various agencies to provide links from their websites to SBE's online voter registration system. Public institutions of higher education must provide a link from the online portal used by students to register for course work to the online voter registration system. The Department of Labor, Licensing, and Regulation (DLLR); the Department of Natural Resources; and the Department of Veterans Affairs must also provide access to the online voter registration system for individuals who use their websites. DHR is required to provide a link to the online voter registration system from the online portal individuals may use to apply for public benefits, known as myDHR.

The bill also includes provisions to enhance traditional, paper-based voter registration. One-stop career centers in DLLR are designated as voter registration agencies where customers must be offered the opportunity to register to vote using a paper form. The 32 one-stop centers are located in every county and provide access to job training, career counseling, and job listings. The designation of the one-stop centers as voter registration agencies is contingent on a determination by the U.S. Department of Labor that voter registration activities at the centers are not precluded by federal law. The bill further requires that voter registration agencies in the State that continue to use paper forms must specifically ask customers if they want to register to vote before completing a transaction. Agencies affected by this requirement include the offices on aging and the marriage license offices of the clerks of court, among others.

The bill requires SBE and the Department of Information Technology to conduct a study to identify additional agencies where voter registration opportunities could be expanded through the use of electronic voter registration systems, links to the online voter registration system, and paper-based voter registration. Finally, agencies with voter registration responsibilities under the bill are required to submit annual reports to the General Assembly concerning their efforts so that the legislature may monitor progress and ensure compliance.

Senate Bill 170/House Bill 344 (both passed) require that the section of the statewide voter registration application that asks an applicant whether the applicant wishes to affiliate with a political party include a notification that the applicant must affiliate with a political party if the applicant wishes to participate in the party's primary election, caucus, or convention.

Election Administration and Procedures

The General Assembly passed several bills affecting election administration and procedures. ***House Bill 204 (Ch. 7)*** requires Montgomery County to establish 10 early voting centers for the 2016 elections. Under the prior law, Montgomery County was required to establish 8 early voting centers with the option of establishing a ninth center. The Act terminates at the end of 2016. ***House Bill 1008 (passed)*** increases the number of early voting centers that the State's most populous counties are required to establish, beginning with the 2018 elections. A county with more than 200,000 registered voters but fewer than 300,000 registered voters is required to establish 4 early voting centers instead of the 3 under current law. A county with more than 300,000 registered voters but fewer than 450,000 registered voters is required to establish 7 early voting centers instead of the 5 under current law. A county with more than 450,000 registered voters is required to establish 11 early voting centers instead of the 8 under current law. The bill also specifies that each county with fewer than 200,000 registered voters has the option to establish 1 early voting center in addition to the early voting centers it is required to establish by law. Under current law, all counties have the option of establishing 1 early voting center in addition to the number that the law requires. The bill does not alter the requirement that a county with fewer than 125,000 registered voters establish 1 early voting center. Finally, the bill creates a new category of counties with more than 125,000 registered voters but fewer than 200,000 registered voters, which are required to establish 3 early voting centers, the same number as under current law.

House Bill 873 (passed) is intended to ensure that absent uniformed services voters and overseas voters have sufficient time to vote in local special elections. Under the bill, the date set for a special election to fill a vacancy in the office of a county council member or a county executive would have to allow at least 45 days from the date absentee ballots are made available to absent uniformed services voters and overseas voters, and the date of the special election. Federal law already requires that absentee ballots be made available to absent uniformed services voters and overseas voters 45 days before Election Day in all other elections. The bill also increases the minimum number of days before a special election to fill a vacancy in the office of a U.S. Representative may be held to 65 and requires SBE to adopt regulations governing the voting process for absent uniformed services voters and overseas voters.

Senate Bill 169*/*House Bill 828 (both passed) allow votes cast in a special election that is conducted by mail to be counted beginning at 2 p.m. on Election Day. Under current law, ballots may not be counted in a special election conducted by mail until 8 a.m. on the day after the special election. Under the legislation, SBE could set an earlier time to commence the canvass of vote-by-mail ballots by adopting regulations. The bills also require that the public be allowed to observe the canvass of votes in a special election conducted by mail and that the election results be kept secret until after 12 a.m. on the day after a special election.

House Bill 852 (passed) requires that a vacancy created by a tie vote in a municipal election be filled within 90 days after the date of the election.

House Bill 1077 (passed) requires that the Montgomery County election director be appointed with the vote of at least three regular members of the county board of elections, including at least one member of the principal minority party. The Montgomery County board of elections has five regular members, three of whom are of the majority party and two of whom are of the principal minority party. The majority party is the party of the incumbent Governor. The principal minority party is the party whose candidate for Governor received the second highest number of votes at the last preceding general election.

Vacancies in Statewide Elective Offices

House Bill 260 (passed) alters procedures for filling vacancies in the offices of a U.S. Senator, Attorney General, and Comptroller. Under current statute, when a vacancy occurs in the office of a U.S. Senator, the Governor is required to appoint any eligible individual to fill the vacancy. The appointee serves for the remainder of the term, unless the vacancy occurs 21 days before the deadline for filing a certificate of candidacy for the regular statewide election that is held in the second or fourth year of the term, in which case a special election is held at the same time as the next regular statewide election. ***House Bill 260*** requires the Governor to appoint an individual to fill a vacancy in the office of a U.S. Senator from a list of three individuals submitted by the State Central Committee of the political party with which the vacating Senator had been affiliated. The bill does not alter the existing statutory provisions concerning special elections for a U.S. Senator.

Under current provisions of the Maryland Constitution, when a vacancy occurs in the office of the Attorney General or Comptroller, the Governor is required to appoint any qualified individual to fill the vacancy. In the case of the Comptroller, the appointment is subject to confirmation by the State Senate. ***House Bill 260*** proposes to amend the Constitution to require the Governor to make an appointment to fill a vacancy in the office of the Attorney General or Comptroller from a list of three individuals submitted by the State Central Committee of the political party with which the vacating Attorney General or Comptroller had been affiliated. The bill further provides that the appointee serves for the remainder of the term, unless the vacancy occurs 21 days before the deadline for filing a certificate of candidacy for the regular statewide election that is held in the second year of the term, in which case a special election is held at the same time as the regular statewide election.

Campaign Finance

Senate Bill 459*/*House Bill 963 (both passed) require the sponsor of a petition to place a question on the ballot to establish a campaign finance entity before collecting signatures for the petition. The campaign finance entity, known as a ballot issue committee, must be used to receive all contributions and make all expenditures for the petition. The petition sponsor's ballot issue committee is required to file a campaign finance report at the time the petition is filed. The petition may not be certified to the ballot until the campaign finance report is filed. A group opposing a petition to place a question on the ballot is also required to establish a ballot issue committee and file a campaign finance report within 10 business days after the petition is filed. These requirements apply to petitions for a statewide referendum on an enactment of the General Assembly, a county charter amendment, and a county referendum on a local law.

Senate Bill 408*/*House Bill 241 (both passed) relate to the statutory prohibition on campaign fundraising by State elected officials during the General Assembly session. The bills alter the authority of SBE to impose a civil penalty on the campaign finance entity of an official who violates the prohibition. Under current law, SBE, represented by the State Prosecutor, may institute an action in circuit court to impose a civil penalty. The civil penalty must equal the sum of $1,000 plus the amount of the contribution. The bills repeal the requirement for the State Prosecutor to institute an action in circuit court and instead authorize SBE to issue a citation to impose a civil penalty. SBE has authority under current law to issue a citation to impose a civil penalty for various other violations of campaign finance law. The bills also authorize SBE to impose a civil penalty of less than the sum of $1,000 plus the amount of the contribution for good cause. Finally, the bills clarify that an official subject to the fundraising ban may not solicit any contribution during the legislative session.

House Bill 112 (passed) requires a campaign finance entity that compensates a responsible officer of the entity to submit in writing to SBE a copy of the compensation agreement and the consent of the candidate. Compensation to a responsible officer of a campaign finance entity may be paid only by check. A treasurer of an authorized candidate campaign committee must provide the candidate and the chairman with a copy of the campaign account bank statement within 30 days after filing a campaign finance report. The bill also amends provisions of Title 14 of the Election Law Article, which require persons doing business with the State or local governments to file statements of campaign contributions on a semiannual basis. The bill defines a "subsidiary" as a business entity that is 30% or more owned or controlled by another business entity. Contributions made by a subsidiary are attributed to the business entity that owns the subsidiary, and must be reported by the entity that owns the subsidiary if the entity that owns the subsidiary does business with the State or local governments. The effect of the bill is to clarify that contributions made by a subsidiary must be reported by the entity that owns the subsidiary, regardless of whether the subsidiary itself does business with the State or local governments. However, the bill provides that a business entity that does not do business with the State or local governments and is owned or controlled by a bank holding company is not a subsidiary, and therefore is not required to report any campaign contributions.

Redistricting

The Governor created the Maryland Redistricting Reform Commission in August 2015 by executive order. The commission issued its final report in November 2015. ***Senate Bill 380*/*House Bill 458 (both failed)*** are Administration bills that would have implemented the commission's recommendations, and significantly altered the decennial process of adjusting the boundaries of the State's legislative and congressional districts. The bills proposed to repeal certain provisions of the Maryland Constitution governing legislative redistricting and enact constitutional provisions requiring that a General Assembly and Congressional Legislative Redistricting and Apportionment Commission be appointed to perform redistricting. Statutory provisions in the bill would have required that the commission consist of three members registered with the State's largest political party, three members registered with the State's second largest political party, and three members not registered with either of the largest political parties. Legislative districts would be required to comply with existing provisions in the

Maryland Constitution, and congressional districts would have to respect county and municipal boundaries and be geographically compact, to the extent practicable. The bills would have specified procedures for General Assembly approval or rejection of legislative and congressional maps proposed by the commission, judicial review, selection of commission members, staffing of the commission, and mandating funding for the commission. The commission would have been required to conduct its business in a manner that was open to the public and ensured public participation in the redistricting process.

Ethics

Counties, municipal corporations, and local school boards must adopt financial disclosure and conflict of interest provisions for elected local officials and members of school boards that are equivalent to or exceed the corresponding requirements for State officials. ***Senate Bill 395 (passed)*** provides that any modifications to these provisions must be made in accordance with regulations adopted by the State Ethics Commission and consistent with the intent of the Public Ethics Law.

The Commission on Judicial Disabilities or another body designated by the Court of Appeals administers and implements the conflict of interest and financial disclosure provisions of the Public Ethics Law as those provisions apply to State officials of the Judicial Branch. ***Senate Bill 194/House Bill 496 (both passed)*** specify that the Court of Appeals also may designate the Judicial Ethics Committee as a body to administer the provisions of the Public Ethics Law that apply to State officials of the Judicial Branch.

Procurement

Change Orders

Most State contracts for construction projects allow the State to unilaterally issue "change orders" that change aspects of the project that are within the scope of the contract. Under State regulations, change orders must be in writing and, if they affect the price of the contract, must provide specified certifications to the contractor regarding the availability of funds to pay for the changes being made. Due to the time constraints inherent in construction projects and the lengthy approval process for State change orders, many contractors begin work on change orders before they are finalized in writing. ***Senate Bill 826/House Bill 403 (both passed)*** prohibit State procurement units from requiring prime contractors – and prime contractors from requiring subcontractors – on State construction projects to begin work on change orders until a written order is issued that specifies how the State will pay for the work, subject to specified conditions. However, the bills do not prohibit a procurement officer from compelling the prime contractor to perform the work or furnish labor and materials determined by the officer to be required under the contract. The bills apply to most State agencies, including most of those otherwise exempt from State procurement law. In addition, the bills require the Department of General Services to convene a stakeholder workgroup to develop recommendations on issues related to the execution of State construction contracts.

Procurement Preferences

The Small Business Reserve Program (SBR) requires most State procurement units to structure their procurements so that at least 10% of the total dollar value of their procurements is made directly to small businesses. Fiscal 2014 was the first year that the State achieved the 10% goal across all 23 participating agencies. Established in 2004, SBR was slated to terminate in September 2016. ***House Bill 788 (Ch. 119)*** repealed the program's termination date and made the Governor's Office of Minority Affairs responsible for administering the program.

State procurement law establishes a preference for four vendors or groups of vendors. Prior to initiating a competitive procurement, State agencies and State-aided or -controlled entities must procure services and supplies from (1) Maryland Correctional Enterprises; (2) Blind Industries and Services of Maryland; (3) community service providers under the Employment Works Program; and (4) businesses owned by individuals with disabilities, in that order of preference. Only if none of those entities produces or provides the desired supplies or services may a State agency issue a competitive procurement. ***House Bill 1537 (passed)*** combines the last two preferred providers (Employment Works and businesses owned by individuals with disabilities) into a single category.

Procurement by Educational Institutions

It is the policy of the State to use State employees to perform all State functions in State-operated facilities in preference to contracting with the private sector to perform those functions. As the University System of Maryland, Morgan State University, and St. Mary's College of Maryland are exempt from most provisions of State procurement law and also operate their own personnel systems, they have not been subject to that policy. ***Senate Bill 342*/*House Bill 837 (Chs. 65 and 66)*** require that procurement policies developed by each of the three institutions promote the purpose of the State policy and otherwise conform to State policies related to outsourcing services.

Prevailing Wage

Contractors and subcontractors working on eligible public works projects in Maryland must pay their employees the prevailing wage rate. Contractors that fail to pay the prevailing wage must pay restitution to the employees and liquidated damages to the public body in the amount of $20 a day for each laborer who is paid less than the prevailing wage. ***Senate Bill 1009*/*House Bill 689 (both passed)*** establish a more severe penalty of $250 per employee for each day that a contractor who knew, or reasonably should have known, of the obligation to pay the prevailing wage and deliberately failed to pay it.

Personnel

Impact of Budget Actions on State Employees

The fiscal 2017 budget does not include a cost-of-living adjustment for State employees, but it includes funds for merit or step increases for State employees based on their performance.

In fiscal 2017, the size of the regular State workforce, including State higher education institution employees, will be 80,331 positions, which represents a decrease of 543 positions over fiscal 2016 and is within the limit established by the Spending Affordability Committee. For a more detailed discussion of the impact of budget actions on State employees, see the subpart "Operating Budget" within Part A – Budget and State Aid of this *90 Day Report*.

Compensation and Benefits

The fiscal 2017 budget contains a deficiency appropriation for fiscal 2016 of $2.5 million to implement the State Law Enforcement Officers Labor Alliance (SLEOLA) collective bargaining agreement that provided for a step increase for SLEOLA members on April 1, 2016. The fiscal 2017 budget also contains $4.44 million of funding for SLEOLA step increases in fiscal 2017. The fiscal 2016 deficiency appropriation is contingent on the enactment of ***Senate Bill 378*****/*****House Bill 454 (Chs. 23 and 37)***.

Chapter 23 excludes State employees represented by SLEOLA who are subject to a step increase effective April 1, 2016, in accordance with a collective bargaining agreement negotiated with the State, from the prohibition on merit increases for State employees in fiscal 2016, as established by the Budget Reconciliation and Financing Act of 2015. ***Chapter 37*** is identical to ***Chapter 23***, except it also exempts from the same prohibition on merit increases for State employees the Maryland Transportation Authority Police represented by Fraternal Order of Police Lodge 34 who are subject to a step increase effective April 1, 2016, in accordance with a collective bargaining agreement negotiated with the State.

Hiring and Discipline Practices

Unless otherwise specified, State employees are in the State Personnel Management System (SPMS). A former prisoner of war, an eligible veteran, the spouse of an eligible veteran who has a service-connected disability, or the surviving spouse of a deceased eligible veteran are entitled to receive credits on selection tests for positions within the State Personnel Management System. ***Senate Bill 818/House Bill 928 (both passed)*** require all appointing authorities in SPMS to apply a credit of five points on a selection test for an applicant who has a disability, as defined by the federal Americans with Disabilities Act. Appointing authorities in the Executive Branch of State government whose employees are not in SPMS must develop an equivalent hiring preference. Additionally, the bills repeal the requirement that all appointing authorities in SPMS apply a credit of two points for an applicant who is an eligible veteran who has a service-connected disability.

Generally, a party aggrieved by the final decision in a contested case is entitled to judicial review of the decision. ***Senate Bill 942 (passed)*** expands the circumstances under which a court may reverse or modify a final decision in a contested case involving termination of employment or employee discipline. A court may reverse or modify the decision if any substantial right of the petitioner may have been prejudiced because a finding, conclusion, or decision fails to state a reasonable basis for the termination or the nature and extent of the penalty or sanction imposed by the agency.

State Employee Transfers

The fiscal 2017 budget accounts for 58 federally funded contractual employees from the Maryland Institute for Policy Analysis and Research (MIPAR) being transferred to federally funded permanent positions within the Department of Health and Mental Hygiene. ***Senate Bill 1063 (passed)*** requires that these positions be placed in a position in SPMS that is comparable to the employee's former contractual position without further examination or qualification and with a salary that is closest to, but not less than, the employee's salary under MIPAR's contract. Each affected employee must be appointed without prior service credit and must serve a probationary period in accordance with State personnel law.

The Department of Human Resources (DHR) Child Support Enforcement Administration (CSEA) may enter into cooperative reimbursement agreements with local governments that wish to carry out child support enforcement within their jurisdiction. A county or circuit court under a cooperative agreement may request that the responsibility for support enforcement be transferred to CSEA. Carroll County requested that its enforcement function be transferred to CSEA. ***Senate Bill 195 (Ch. 53)*** transfers all the functions, powers, and duties of the child support unit of the Carroll County State's Attorney's Office to DHR. The transfer includes all employees of the unit on June 30, 2016, other than the assistant State's Attorneys. If appointed by the Office of the Attorney General to continue providing child support enforcement services, an assistant State's Attorney will be considered a new State employee, except that the employee will be given credit with the State for years of county employment for purposes of seniority. The Act also specifies how each transferred employee who is a member of the Carroll County Pension Plan on June 30, 2016, is to participate in the State Employee and Retiree Health and Welfare Benefits Program and the Employees' Pension System.

State Employees and Safeguard Practices

The federal Treasury Inspector General of Tax Administration audited the Office of Safeguards within the Internal Revenue Service (IRS) in 2014 and found that the IRS does not set specific background investigation requirements for outside agencies with access to federal tax information. In response to recommendations in the audit, the IRS is revising Publication 1075, *Tax Information Security Guidelines for Federal, State, and Local Agencies*, to establish and ensure that background investigation requirements for all agency employees and contractors that have access to federal tax information are consistent with IRS background investigation requirements for those with access to federal tax information.

House Bill 164 (Ch. 98) authorizes an appointing authority to require a prospective or current employee in a position in SPMS involving access to confidential or sensitive federal tax information to provide information for a background investigation, including the prospective or current employee's address, employment, and education history spanning back at least five years. An appointing authority may also request a State and national criminal history records check from the Criminal Justice Information System Central Repository of the Department of Public Safety and Correctional Services. A prospective or current employee who refuses to comply with or fails the background investigation or criminal history records check is deemed unqualified for employment or, if a current employee, subject to disciplinary action.

Pensions and Retirement

Private Sector Employees' Retirement Security

Since the 1980s, employee access to pension and retirement savings plans has declined. The share of employees with a defined benefit pension plan dropped from 88% in 1983 to 32% in 2010, with private-sector employees bearing the brunt of the decline in access to pension plans. This decline has shifted the burden for saving for retirement from employers to employees, but many employees do not have access to an employer-sponsored plan. Today, only 66% of private-sector employees have access to either a defined benefit or a defined contribution plan through their employer. As a result, fewer Americans are saving enough to provide a secure retirement. Several national measures of retirement savings now show that, for the first time ever recorded, more than half of all Americans are at risk of outliving their retirement savings at the rate they are currently saving.

States have been reluctant to react to this trend because the federal Employee Retirement Income Security Act (ERISA) preempts their authority to regulate employer-sponsored benefit plans, including retirement plans. However, beginning in 2012, several states have enacted plans to expand access to retirement savings vehicles to private-sector employees, and the federal government has issued preliminary regulations that offer a safe harbor to states looking to enact programs that are not subject to ERISA.

Senate Bill 1007*/*House Bill 1378 (both passed) establish the Maryland Small Business Retirement Savings Program and Trust. The program and trust are administered by a board consisting of two *ex officio* members and nine members appointed by the Governor and the Presiding Officers. Nongovernmental employers in the State that (1) do not otherwise offer their employees an employer-offered savings arrangement; (2) use a payroll system or service; and (3) have been in business for at least two years must enroll their employees in the program. The program consists of individual retirement accounts that operate in accordance with federal law and offer employees multiple investment options, including a default option chosen by the board for employees who do not actively select an investment option. The program's operating expenses are paid from an administrative fee charged against assets in the trust that cannot exceed 0.5% of the value of those assets. The program may not be implemented until the board obtains an opinion from legal counsel or from the federal government that the plan, trust, and other aspects of the program qualify for favorable federal income tax treatment under the federal Internal Revenue Code.

After the program becomes operational, employers that participate in the program, as well as those that provide an alternative or existing pension or retirement plan to their employees, are exempt from paying the State's annual filing fee for corporations and other business entities. Employees of covered employers are automatically enrolled in the program and may choose to opt out. Employers may not contribute to the program on behalf of their employees, and their involvement is limited to ministerial activities such as forwarding payroll deductions to the program.

The State is not liable for the payment of retirement savings benefits payable by the program. Moreover, the debts, contracts, and obligations of the board, trust, and program, are not the debts, contracts, or obligations of the State, and neither the State's full faith and credit nor taxing powers are pledged directly or indirectly to the payment of the debts, contracts, and obligations. Also, an employer's participation in the program does not create a fiduciary obligation, and employers are not liable for their employees' decision to participate or opt out of the program or for their investment decisions.

Pension Benefits

House Bill 1581 (Ch. 12) raises the maximum age, from 18 to 26, of a surviving child to whom a line-of-duty death benefit can be paid under the Law Enforcement Officers' Pension System (LEOPS). The bill applies retroactively to a member of LEOPS killed in the line of duty as a Harford County Deputy Sheriff on or after February 1, 2016, but otherwise applies only prospectively.

Current terms of the Legislative Pension Plan require that members of the General Assembly forfeit benefits payable to them if they are convicted of or plead *nolo contendere* to specified crimes while in office, but there are not similar provisions for other elected or appointed officials who hold statewide office. ***Senate Bill 542 (passed)*** allows retirement and pension benefits payable to specified elected and appointed State officials to be forfeited in whole or in part if the official is found guilty of, pleads guilty to, or enters a plea of *nolo contendere* to specified crimes. The forfeiture applies only to crimes committed and service credit earned after the bill takes effect. The bill includes various protections for family members of the officials, allows the officials to receive a refund of accumulated contributions, and specifies that benefits may not be forfeited if doing so would jeopardize the tax qualified status of the pension system.

In general, a member of the Employees' Pension System (EPS) or Teachers' Pension System (TPS) who becomes a member on or after July 1, 2011, is subject to the Reformed Contributory Pension Benefit, a new benefit tier established on that date. However, statute allows specified individuals who (1) were members of EPS/TPS before that date; (2) were separated from employment; and (3) returned to EPS/TPS on or after July 1, 2011, under specified conditions to resume participation in the Alternate Contributory Pension Selection (ACPS), which was the benefit tier available before July 1, 2011. However, in order to resume participation in the ACPS, an individual would have to reenroll in EPS/TPS by June 30, 2016. ***Senate Bill 343*****/*****House Bill 379 (both passed)*** repeal the June 30, 2016 deadline for returning to EPS/TPS and resuming participation in the ACPS. The bills also make technical corrections to the statute.

Senate Bill 608 (passed) allows specified individuals who returned to State employment after previously withdrawing their accumulated member contributions from EPS to redeposit their withdrawn contributions and be reenrolled in ACPS.

Correctional Officers' Retirement System

Eligibility for Correctional Officers' Retirement System (CORS) membership is limited to certain positions. All current correctional case management specialists participate only in EPS, and not in CORS. ***Senate Bill 532/House Bill 1438 (both passed)*** make all current and future correctional case management specialists, supervisors, and managers in the Department of Public Safety and Correctional Services members of CORS as a condition of their employment. Individuals who are in these positions on or before June 30, 2016, are eligible to retire from CORS with a combined total of at least 20 years of eligibility credit in CORS and either EPS or the Employees' Retirement System (ERS) if they have vested in CORS. Any individual who retires under this provision is entitled to a normal service retirement benefit based on creditable service in CORS. By October 1, 2016, the State Retirement Agency must notify individuals affected by the bill of their right to transfer creditable service from EPS or ERS to CORS.

All members of CORS, regardless of employment, are eligible for normal service retirement after 20 years; however, normal service retirement *age* differs for those seeking to retire with fewer than 20 years of service. CORS members who are maximum security attendants at the Clifton T. Perkins Hospital Center (Perkins) are eligible to retire at age 60, compared with age 55 for all other CORS members. ***Senate Bill 473/House Bill 582 (both passed)*** lower the normal retirement age, from 60 to 55, for members of CORS who are maximum security attendants at Perkins. The lower retirement age does not apply to vested allowances for CORS members who (1) served as maximum security attendants at Perkins; (2) separated from employment as a maximum security attendant at Perkins before July 1, 2016; and (3) do not resume employment in a CORS-eligible position. The bills apply only prospectively to CORS members who retire on or after July 1, 2016.

Pension Investments and Funding

Senate Bill 982 (passed) authorizes the State Retirement and Pension System (SRPS) board to enter into an agreement with the Maryland Technology Development Corporation or another entity to make and manage investments in private equity and venture capital in the State. The authorization extends to any State contribution to SRPS that is in excess of mandated State contributions; in fiscal 2017, that amount is $25 million. The bill establishes a goal of investing 50% of the available funds in commercialization of technology sponsored or created by a university in the State. Any investment made under the bill must be consistent with, and not compromise or conflict with, the board's fiduciary duties.

Senate Bill 821/House Bill 1397 (both passed) phase in, over 7 years, a 20-year closed amortization policy for unfunded accrued pension liabilities of participating governmental units in SRPS. This change reflects a similar change made to the amortization policy for State unfunded liabilities enacted in 2013.

Senate Bill 344/House Bill 380 (both passed) repeal obsolete language authorizing the SRPS board to commingle assets of the Local Fire and Police (LFP) System with that of other systems. LFP was closed to new members in 2004 and its assets and liabilities were transferred to EPS in 2005.

Pension System Administration

Under current law, the Secretary of Budget and Management, State Treasurer, and State Comptroller serve as *ex officio* members of the Board of Trustees of the SRPS; however, only the State Treasurer may appoint a deputy treasurer as a designee to the board. ***Senate Bill 321 (Ch. 64)*** authorizes the Secretary of Budget and Management and the State Comptroller to also appoint their deputies as designees to the board. The Act also clarifies that any member of a committee created by the board is a fiduciary of the system.

Two sets of bills clarify and simplify pension laws related to the administration of benefits. ***Senate Bill 345/House Bill 382 (both passed)*** clarify that any eligible retiree of the several systems of the State Retirement and Pension System (except the Legislative Pension Plan) may designate multiple beneficiaries to share the survivor benefit equally when selecting a single-life annuity option. ***Senate Bill 373/House Bill 537 (both passed)*** clarify that a local school superintendent or the Maryland School for the Deaf may hire no more than a *combined total* of five retirees of the Teachers' Retirement System and TPS to work in any position at any school without the teachers being subject to a reduced retirement allowance.

Optional Retirement Program: The Optional Retirement Program (ORP) is a tax-favored defined contribution retirement savings plan available to designated employees of certain institutions of higher education as an alternative to membership in SRPS. To join ORP, individuals in employing institutions must be eligible for membership in SRPS and meet specified criteria. Under specified conditions, an individual who is eligible to participate in ORP but whose position was reclassified either by USM or MSU as no longer eligible for ORP may continue to participate in ORP. ***Senate Bill 979/House Bill 926 (both passed)*** require specified individuals to continue to participate in ORP if the individuals were eligible to participate in ORP but were reclassified by their employer to a position that would no longer be eligible for participation in ORP. The bills also clarify the eligibility criteria for participation in ORP for employees of Morgan State University and St. Mary's College of Maryland.

Disability Benefits: Current law exempts normal service retirees of the SRPS (except retirees of LEOPS and the State Police Retirement System) who are reemployed with the same participating employer from which they retired from a benefit offset if their average final compensation at the time of retirement was less than $25,000. ***Senate Bill 477/House Bill 581 (both passed)*** exempt SRPS retirees who are receiving an ordinary disability benefit from a benefit offset if their average final compensation was less than $25,000, providing the same exemption from a benefit offset that is given to normal service retirees.

General Assembly

Councils, Task Forces, Commissions, and Committees with Legislative Membership

Each year, the General Assembly creates various groups to conduct in-depth studies of important public policy issues. In addition, the General Assembly eliminates obsolete groups and restructures other entities. The following bills relate to councils, task forces, commissions, and committees that include members of the General Assembly in their membership. They are discussed in greater detail in the appropriate subject-area part of this *90 Day Report*.

Justice Reinvestment Oversight Board

Senate Bill 1005 (passed) establishes the Justice Reinvestment Oversight Board in the Governor's Office of Crime Control and Prevention which includes one member of the Senate and one member of the House of Delegates. The board is tasked with (1) monitoring and coordinating progress and compliance with the implementation of the recommendations of the Justice Reinvestment Coordinating Council; (2) making additional legislative and budgetary recommendations for future data-driven, fiscally sound criminal justice policy changes; (3) collecting and analyzing data regarding pretrial detainees; (4) creating performance measures to assess the effectiveness of Performance Incentive Grants; and (5) consulting and coordinating with, the Local Government Justice Reinvestment Commission and other units of State and local jurisdictions concerning justice reinvestment issues. For a more detailed discussion of this issue, see Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Public Safety and Policing Workgroups

House Bill 1016 (passed) repeals and replaces the Police Training Commission (PTC) within the Department of Public Safety and Correctional Services with an independent Maryland Police Training and Standards Commission (MPTSC) in the department. The MPTSC's membership includes two members of the Senate and two members of the House of Delegates who serve in an advisory capacity only. MPTSC retains the powers and duties of the former PTC but also includes new duties. For a more detailed discussion of this issue, see Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Victims of Domestic Violence

Senate Bill 1047 (passed) creates the Task Force to Study Recording Deeds for Victims of Domestic Violence and makes recommendations regarding how to protect the identity and address of a participant in the Address Confidentiality Program for victims of domestic violence in the Office of the Secretary of State when recording a deed transferring real property to or from a program participant. One member of the Senate and one member of the House of Delegates will sit on the task force.

Senate Bill 1143 (passed) establishes the Neshante and Chloe Davis Domestic Violence Prevention Task Force to study various aspects of domestic violence and develop policy recommendations. The task force includes one member of the Senate and one member of the House of Delegates.

Juvenile Justice System

House Bill 1634 (passed) establishes the Task Force to Study the Restraint, Searches, and Needs of Children in the Juvenile Justice System. The task force must review the policies and practices of the Department of Juvenile Services regarding the restraint and search of children within the juvenile justice system and make recommendations regarding changes in policies, practices, or capital expenditures that are necessary to address issues involving the restraint and search of children within the juvenile justice system. The task force includes three members of the Senate and three members of the House of Delegates.

Maryland Transit Administration Oversight and Planning Board

House Bill 1010 (passed) establishes the Maryland Transit Administration Oversight and Planning Board whose membership includes one member of the Senate and one member of the House of Delegates. The board is empowered to exercise oversight and engage in advocacy on behalf of the residents and businesses of the State for the public transit systems maintained by the Administration. For a more detailed discussion of this issue, see Part G – Transportation and Motor Vehicles of this *90 Day Report.*

Minority, Disadvantaged, and Small Businesses

House Bill 264 (passed) establishes the Task Force to Investigate the Challenges of and Opportunities for Minorities in Business. The task force must (1) investigate discriminatory practices against minority- and women-owned businesses; (2) review, examine, and assess issues related to access capital for small, minority-owned, and women-owned businesses; (3) study the employment of minorities and women under procurement contracts at Baltimore-Washington International Thurgood Marshall Airport; (4) review, examine, and assess incentives for business entities that employ ex-felons; and (5) conduct hearings as considered appropriate. The task force has one member of the Senate, one member of the House of Delegates, and two members of the Legislative Black Caucus.

Health Issues

Senate Bill 707 (passed) establishes the Workgroup on Rural Health Care Delivery to oversee a study of rural health care needs in Caroline, Dorchester, Kent, Queen Anne’s, and Talbot counties. Legislative members of the workgroup include the chairs of the Senate Finance and the House Health and Government Operations committees and two members of the Senate and two members of the House of Delegates from rural areas of the State.

Family and Medical Leave

Senate Bill 485/House Bill 740 (both passed) establish the Task Force to Study Family and Medical Leave Insurance. In consultation with the appropriate State and local agencies and community agencies, the task force is charged with (1) studying existing family and medical leave insurance programs in other states and the District of Columbia; (2) reviewing the 2016 family and medical leave insurance implementation studies from Minnesota, Connecticut, and Montgomery County, Maryland; (3) reviewing the 2013 report on the Task Force to Study Temporary Disability Insurance Programs; and (4) making recommendations regarding the development of a State social insurance program that provides short-term benefits to eligible employees who lose wages due to an illness or injury of the employee; pregnancy or childbirth; care for a seriously ill child, spouse, or parent; time to bond with a new child; or time off needed due to a qualifying exigency arising out of a family member's military deployment. The task force has one member of the Senate and one member of the House of Delegates.

Homelessness

House Bill 411 (Ch. 104) increases the legislative membership of the Joint Committee on Ending Homelessness from five to eight members of the Senate and from five to eight members of the House of Delegates.

Environment

Senate Bill 726 (passed) establishes the Task Force on the Maryland Clean Energy Center. The charge of the task force is (1) to assess the programs currently provided by the Maryland Clean Energy Center and the programs that, within its mission, charge, and structure, may be provided by the center; (2) to review existing State financing instrumentalities that may have similar financing capabilities for purposes of determining whether there are advantages to the center to coordinate or partner with those State financing instrumentalities on financing programs; (3) to identify the availability of resource capacity in State financing instrumentalities for purposes of determining whether there are cost-effective opportunities for the center to share resources with those State financing instrumentalities on financing programs; and (4) review other cost-effective opportunities that may assist the center as it works toward the goal of becoming self-sustaining. The task force includes three members of the Senate and three members of the House of Delegates. The Presiding Officers shall designate the co-chairs of the task force from the members of the General Assembly appointed by the Presiding Officers.

Education

The Bridge to Excellence in Public Schools Act of 2002 was the genesis of primary State education aid formulas based on adequacy of cost studies, wherein the concept of adequacy is tied to a determination of the level of resources that is adequate for all public school students to have the opportunity to achieve academic proficiency standards. However, the follow-up adequacy of cost study was delayed by legislation in 2011 and 2012 pending the completion of additional reports. Finally, in June 2014, work began on the updated, required Study on Adequacy of Funding for Education.

Senate Bill 905/House Bill 999 (both passed) establish the Commission on Innovation and Excellence. The purpose of the commission is to review the findings of the Study on Adequacy of Funding for Education in the State of Maryland, including the studies conducted in accordance with Chapter 288 of 2002, as amended by Chapter 397 of 2011 and Chapter 709 of 2012, and determine what recommendations should be made, including (1) the proxy used to identify economically disadvantaged students; (2) how to address issues of increasing and declining student enrollment; (3) the preferred approach to expanding publicly funded prekindergarten, including expanding the services and supports needed in special education prekindergarten; (4) how to achieve greater equity in school finance and local wealth measures; and (5) the appropriate regional cost of education index and how the index should be used to adjust education funding. Additionally, the commission must (1) review and assess the current education financing formulas and accountability measures; (2) determine how the federal Every Student Succeeds Act, which provides additional flexibility and authority to states over assessments and accountability measures, will affect primary and secondary education in the State; (3) determine how the State can better prepare students to be competitive in the workforce and with other high-performing countries in the global economy; and (4) review how local school systems are spending education funds, including the increased State funding provided under the Bridge to Excellence in Public Schools Act of 2002.

Among its members, the commission includes two members of the Senate Education, Health, and Environmental Affairs Committee; two members of the Senate Budget and Taxation Committee; two members of the House Committee on Ways and Means; and two members of the House Appropriations Committee. For a more detailed discussion of this issue, see subpart "Primary and Secondary Education" within Part L – Education of this *90 Day Report.*

Maryland Education Development Collaborative – Board of Directors

Senate Bill 910 (passed) establishes the Maryland Education Development Collaborative to advise and make recommendations to the State Board of Education, the General Assembly, and local school systems regarding statutory and regulatory policies necessary to promote 21st century learning that enhances socioeconomic and demographic diversity across the State's public schools. A board of directors will manage the collaborative. One member of the Senate and one member of the House of Delegates shall sit on the board of directors.

Adult Education

Senate Bill 1173/House Bill 1406 (both passed) establish a Task Force to Study the Adult High School Concept. The task force must study and identify best practices relating to eligibility requirements, financial stability, capacity standards, accreditation, reporting requirements, data collection, matriculation requirements, curriculum content and requirements, funding requirements and options, and any other issues relevant to the development of the adult high school concept. The task force must also make recommendations regarding enabling legislation and regulations for the establishment and regulation of adult high schools. Among the task force's membership are one member of the Senate and one member of the House of Delegates.

Dyslexia Education Program

Senate Bill 823/House Bill 895 (both passed) alter the membership and charge of the Task Force to Study the Implementation of a Dyslexia Education Program. A final report of the task force is due to be submitted to the Senate Education, Health, and Environmental Affairs Committee and the House Committee on Ways and Means on or before December 30, 2016.

Promise Scholarship Program

House Bill 1087 (passed) establishes the Task Force to Study a Promise Scholarship Program in Prince George's County with one member of the Prince George's County House Delegation, appointed by the Chair of the Prince George's County Delegation and one member of the Prince George's County Senate Delegation, appointed by the Chair of the Prince George's County Senate Delegation. The task force is required to study the feasibility of creating a Prince George's County Promise Scholarship Program to provide scholarships to pay for tuition and mandatory fees not covered by federal or State financial aid for graduates of Prince George's County public high school who enroll at Prince George's Community College.

Students – Truancy

The Task Force to Combat Habitual Student Truancy is created by ***House Bill 429 (passed)*** to study and assess how the structure and effectiveness of the State's existing truancy courts can be improved. Additionally, the task force must study the State's chronic student absentee rates and assess whether chronic student absenteeism influences student truancy rates and determine methods of encouraging State agencies to work collaboratively to reduce habitual student truancy. The task force's legislative members include one member of the Senate and one member of the House of Delegates.

Program Evaluation ("Sunset Review")

The Maryland Program Evaluation Act, enacted in 1978, is used by the General Assembly as a mechanism to monitor and evaluate approximately 70 regulatory boards, commissions, and other agencies of the Executive Branch of State Government. The law requires the Department of Legislative Services (DLS) periodically to undertake the evaluations according to a statutorily based schedule. These evaluations are more commonly known as "sunset review" because the agencies subject to review are usually also subject to termination ("sunset") unless legislation is enacted to reauthorize them. The methodology for conducting the evaluations by DLS involves an extensive evaluation process by DLS staff. The goals of the process have evolved to reflect the General Assembly's interest in identifying the strengths and weaknesses of the various regulatory entities that are subject to program evaluations and addressing through legislation appropriate issues relating to the structure, performance, and practices of the agencies.

House Bill 140 (passed) extends the evaluation and termination dates for the licensing and regulation of security systems agencies and technicians. The bill also modifies the initial application fee for a security systems agency license – from $150, including the cost of the State and national criminal records check, to $100, plus the cost of the State and national criminal records check. The processing fee for a security systems agency license – paid by an applicant licensed in another state who meets specified conditions – is reduced from $150 to $100.

Senate Bill 200*/*House Bill 497 (both passed) extend the termination date for the State Board of Environmental Health Specialists (BEHS) by five years to July 1, 2027, and require a preliminary evaluation of the board be conducted by December 15, 2023. BEHS must include a financial statement and a plan for special fund revenues in its annual report as well as monitor and work with the Long Term Environmental Health Workforce Work Group regarding recruitment and retention and statutory licensing exemptions. BEHS must also take specified actions and submit a follow-up report on implementation of those required actions to specified committees of the General Assembly by January 1, 2017.

Annotated Code

Annual Corrective and Curative Bills

Because the General Assembly delegates very little editorial control to the publishers of the Annotated Code with respect to making nonsubstantive and technical changes in the code, DLS has long had the statutory authority to prepare legislation to make those sorts of changes both in statutory text and bill titles of prior years' enactments.

These corrective measures are the Annual Corrective Bill, ***Senate Bill 506* (*Ch. 8*)**, and the Annual Curative Bill, ***Senate Bill 507 (Ch. 9)***, respectively. Neither enactment contains any substantive change.

Code Revision – Alcoholic Beverages Article

With the enactment of the Alcoholic Beverages Article, the General Assembly has completed the long-term project to revise Maryland's entire code of statutory laws. The purpose of the code revision project, which began in the 1970s, was to reorganize statutory provisions and restate them in clear language and a modern format without making substantive changes to the law being revised. The Alcoholic Beverages Article is the thirty-sixth and final product of that effort.

Senate Bill 724 (Ch. 41) revises, restates, and recodifies the laws of the State that relate to alcoholic beverages. Former Article 2B – Alcoholic Beverages is repealed in its entirety. For a further discussion of the Act, see the subpart "Alcoholic Beverages (Statewide)" within Part H – Business and Economic Issues of this *90 Day Report*.

Senate Bill 725 (passed), a companion bill to the revision, corrects cross-references to former Article 2B that appear in other parts of the Annotated Code of Maryland and makes several technical and clarifying changes to the new article.

Department of Legislative Services

House Bill 413 (passed) requires the Office of Information Systems (OIS) within DLS to establish a Pilot Program on Closed Captioning for Video Streaming to determine an efficient and cost-effective process for providing the public with closed captioning for live and archived video streaming on the Maryland General Assembly website. The bill establishes requirements for the pilot program during the 2017 session and a related reporting requirement for OIS.

Part D
Local Government

Local Government – Generally

Clean Energy Loan Program

Chapter 743 of 2009 authorized a county or municipality to enact an ordinance or a resolution establishing a clean energy loan program to provide loans to:

- residential property owners, including low-income residential property owners, to finance energy efficiency and renewable energy projects; and

- commercial property owners, to finance energy efficiency projects and renewable energy projects but only renewable energy projects with an electric generating capacity of not more than 100 kilowatts.

A program must require a property owner to repay a loan through a surcharge on the owner's property tax bill. The surcharge must be limited to an amount that allows the local government to recover the costs associated with issuing bonds to finance the loan and costs associated with administering the program.

Senate Bill 173*/*House Bill 105 (both passed) remove the limit on electric generating capacity on renewable energy projects financed by commercial property owners through a clean energy loan program.

Senate Bill 912*/*House Bill 387 (both passed) require the Maryland Clean Energy Center (MCEC) to conduct a study to determine strategies for the optimal design and implementation for a residential clean energy loan program in the State. The study must include consideration of whether the strategies will work advantageously with loans made by private lenders for residential energy efficiency and renewable energy projects. MCEC must consult with specified entities when conducting the study, including the Maryland Energy Administration and the Maryland Association of Counties, among others. By October 1, 2016, MCEC must report to the General Assembly the findings of the study and any recommended policy actions to implement a residential clean energy loan program.

Local Facility Closure Reserve Funds

Local facility closure reserve funds set up by a local government are used to fund the long-term liabilities resulting from the closure of local facilities such as landfills. In addition to the costs of capping and closing these facilities in a manner that protects the environment, a local government will also incur additional postclosure liabilities as a result of fulfilling State and federal laws to monitor, inspect, and maintain the landfill and its protective systems for at least 30 years following the facility closure.

Senate Bill 631/House Bill 835 (both passed) authorize local governments to contract with external asset managers to manage or invest money designated for local facility closure reserve funds in the same manner that they invest funds for employee pensions, other postemployment benefits, trust funds, and self-insurance purposes. The bills further authorize local governments to create pooled facility closure reserve investment funds with separate accounts for each local government that participates in the fund.

Local Infrastructure Loans – Financing

A county or municipality may agree with Community Development Administration within the Department of Housing and Community Development to pledge any money, including a share of income tax that the jurisdiction is entitled to receive from the State. ***Senate Bill 104 (Ch. 18)*** adds a method of securing financing for a local infrastructure loan through the Local Government Infrastructure Financing Program by authorizing, but not requiring a county to pledge, on behalf of a municipality located in the county, the faith and credit of the county or specific revenue of the county. A pledge by a county must be authorized by an ordinance or a resolution of the county. The pledge cannot exceed existing charter or statutory limits on the power of the county to make the pledge.

If a local obligation is secured by a pledge of the faith and credit of a county to make prompt payment from the tax and other revenues described in the enabling resolution or ordinance, the pledge is a covenant to levy taxes sufficient to pay the principal of and interest on the local obligation when due (1) on all real and tangible personal property that is within the corporate limits of the county and subject to assessment for unlimited ad valorem taxation and (2) in each year in which the local obligation is outstanding.

If a local obligation is secured by a pledge of specific revenue of a county, the specific revenue of the county may include:

- payments to the issuer from the State or federal government;
- special benefit assessments, taxes, fees, or service charges that the county has authority to impose, levy, or charge; and
- revenue of the county expected to be generated by the infrastructure project to be financed.

Disparity Grants

The disparity grant program provides noncategorical State aid to low-wealth jurisdictions to help address the differences in the abilities of counties to raise revenues from the local income tax, which for most counties is one of the larger revenue sources.

House Bill 1395 (passed) alters the calculation of the disparity grant program for counties with a local income tax rate of 3.2% by increasing the minimum grant amount to 67.5% of the formula calculation in fiscal 2018 and 2019. This is an increase from the minimum grant amount of 60.0% in the previous formula calculation. The bill then terminates at the end of June 30, 2019.

Annual Financial Reports

Most counties, municipalities, and special taxing districts must submit an annual audit and an annual financial report, commonly known as the *Uniform Financial Report* to the Department of Legislative Services by October 31 of each year. Counties, municipalities, and special taxing districts with a population greater than 400,000, however, may take until December 31 to file their financial report. The filing deadline of December 31 also applies to Calvert, Caroline, Frederick, Queen Anne's, St. Mary's, Talbot, and Wicomico counties without any population requirements. The filing deadline in Howard County is set at November 30.

Senate Bill 431*/*House Bill 577 (both passed) change the filing date for Allegany and Garrett counties from October 31 to December 31. Similarly, ***House Bill 133 (passed)*** changes the filing date for Charles County from October 31 to December 31.

Municipal Corporations

Municipal Elections

Municipalities have considerable discretion as to the manner in which local officials are elected, and most State laws on elections do not apply to municipalities. Municipal charters establish the terms of office and dates of elections and outline local election procedures. ***House Bill 852 (passed)*** requires municipalities to fill a vacancy that resulted from a tie vote in an election for a municipal office within 90 days after the date of the election.

Docking Fees

Municipalities may impose, by ordinance, a user fee on charges for the docking and storage of boats. Only three municipalities – Charlestown (Cecil County), Havre de Grace (Harford County), and Rock Hall (Kent County) – impose boat docking and storage user fees.

Municipalities must use any revenue from the user fee to maintain and enhance (1) water quality; (2) water and wastewater treatment facilities; (3) marinas; (4) law enforcement; (5) public safety; or (6) fire services.

House Bill 1161 (Ch. 135) expands the authorized uses of user fee revenue to include land acquisition and the related construction and maintenance of public facilities to enhance public use and water access.

Animal Control

A domestic animal that is impounded by an animal control unit may not be sold, placed, or destroyed until the animal has been carefully inspected for specified types of identification. ***House Bill 46 (passed)*** adds "microchip" to the listed types of identification for which an animal control unit must inspect an impounded animal to ascertain the owner. An animal control unit must make a reasonable effort to notify an impounded animal's owner of the location of and the procedure for retrieving the animal. A person who violates the bill's requirements is subject to a civil fine of up to $500 for a first offense and for a second or subsequent offense is guilty of a misdemeanor and subject to a fine of up to $500.

Special Taxing Districts

State law authorizes various counties to establish special taxing districts; impose ad valorem or special taxes; and issue bonds to finance, refinance, or reimburse the cost of infrastructure improvements. ***Senate Bill 141/House Bill 602 (both passed)*** authorize Anne Arundel County to establish, modify, or abolish special taxing districts for the purpose of providing or expanding water or wastewater services.

Bi-county Agencies

Washington Suburban Sanitary Commission

The Washington Suburban Sanitary Commission (WSSC) is among the largest water and wastewater utilities in the country, providing water and sewer services to 1.8 million residents in an area that comprises most of Montgomery and Prince George's counties (the Washington Suburban Sanitary District). The bi-county agency has more than 460,000 customer accounts, serves an area of approximately 1,000 square miles, and currently employs more than 1,500 people. WSSC operates three reservoirs, two water filtration plants, and six wastewater treatment plants. The six wastewater treatment facilities, as well as the Blue Plains Advanced Wastewater Treatment Plant, handle more than 200 million gallons of wastewater per day. WSSC maintains nearly 5,600 miles of water main lines and nearly 5,500 miles of sewer main lines.

Drinking Water Testing

Chapter 127 of 2013 required WSSC to conduct quarterly testing of drinking water for unregulated contaminants included in specified federal regulations. Within 30 days of receiving results that indicate the presence of a contaminant, WSSC must report the results to the county executives of Montgomery and Prince George's counties and publish the results on the WSSC website. ***House Bill 1128 (passed)*** alters the basis on which WSSC must conduct the testing to be the latest cycle of unregulated contaminant monitoring regulations established by the U.S. Environmental Protection Agency, rather than the third cycle of the regulations.

Qualifications of Commissioners from Montgomery County

WSSC has six commissioners: three from Montgomery County and three from Prince George's County. Each commissioner must be a resident of the Washington Suburban Sanitary District and a registered voter in the county the commissioner represents. In Montgomery County, no more than two commissioners may be from the same political party. ***House Bill 1129 (passed)*** repeals the requirement that the commissioners from Montgomery County reside in the Washington Suburban Sanitary District.

Maryland-National Capital Park and Planning Commission

The Maryland-National Capital Park and Planning Commission (M-NCPPC) is a bi-county agency serving Montgomery and Prince George's counties that was empowered by the State in 1927 to acquire and administer a regional system of parks within the Maryland-Washington Metropolitan District and administer a general plan for the physical development of the area. In 1970, M-NCPPC became responsible for managing the Prince George's County public recreation program. M-NCPPC imposes three special property taxes in Prince George's County. The recreation tax is imposed countywide. The administration tax is imposed only in the regional district, from which the City of Laurel is excluded. The park tax is imposed in the metropolitan district, from which the cities of District Heights, Greenbelt, and Laurel are mostly excluded.

Extraordinary Development District in Prince George's County

Tax increment financing is a public financing method that uses future gains in tax revenues to finance current improvements. The increase in the property tax revenue generated by new commercial development in a specific area pays for bonds issued to finance site improvements, infrastructure, and other project costs located on public property. ***House Bill 1198 (passed)*** authorizes M-NCPPC to enter into an agreement with Prince George's County to deposit into a special fund all or a portion of M-NCPPC property taxes levied by the county on the tax increment in an extraordinary development district. An "extraordinary development district" is defined as a development district that is designated as such by resolution and contains at least 50 acres, on all or part of which a federal law enforcement agency will be located. M-NCPPC may not enter into an agreement until Prince George's County has adopted a resolution designating the extraordinary development district and M-NCPPC has adopted a resolution approving the agreement. The bill further specifies that M-NCPPC may not be an obligor for any bonds issued by Prince George's County for an extraordinary development district.

Municipal Authority to Regulate Structures in Montgomery County

Chapter 426 of 2012 revised, restated, and recodified the laws of the State that relate to land use under a newly established Land Use Article of the Annotated Code of Maryland. ***House Bill 1024 (passed)*** corrects an inadvertent change made by the code revision process and clarifies that a municipality or governed special taxing district in Montgomery County may adopt specified building requirements that regulate the construction, repair, or remodeling of "other structures," in addition to single-family residential houses or buildings, on land zoned for single-family residential use.

Boundaries of the Metropolitan District – City of Greenbelt

The boundaries of the Maryland-Washington Metropolitan District do not include the City of Greenbelt as it existed on October 1, 2012. ***House Bill 1123 (passed)*** modifies the boundaries of the metropolitan district to exclude the City of Greenbelt as its boundaries exist on July 1, 2016. As a result, the entire City of Greenbelt, including land that has been annexed by the city since 2012, is excluded from the area subject to the M-NCPPC park tax.

Part E
Crimes, Corrections, and Public Safety

Criminal Law

Marijuana Use and Possession

In 2015, the General Assembly passed Senate Bill 517 (***Ch. 4***) which repealed the criminal prohibition on possession of marijuana-related paraphernalia and eliminated the associated penalties. The bill also established that the use or possession of marijuana involving smoking marijuana in a public place is a civil offense punishable by a fine of up to $500.

The Governor vetoed Senate Bill 517 for policy reasons and the General Assembly voted during the 2016 legislative session to override the veto. ***Chapter 4*** took effect February 20, 2016.

As a result of the veto override, a number of bills were introduced. ***House Bill 777 (failed)*** sought to make smoking marijuana in public a criminal misdemeanor with a $500 maximum penalty. ***House Bill 183 (failed)*** would have prohibited a driver of a motor vehicle from smoking or consuming marijuana and would have also prohibited an occupant of a motor vehicle from smoking marijuana.

House Bill 565 (passed) clarifies that a person who violates the prohibition against possessing a controlled dangerous substance (CDS) involving marijuana in the amount of 10 grams or more is guilty of the misdemeanor of possession of marijuana and establishes additional procedures for prosecution of civil cases for possession of less than 10 grams of marijuana. For a more detailed discussion of ***House Bill 565***, see the subpart "Criminal Procedure" within this part of this *90 Day Report*.

Justice Reinvestment

Criminal Penalties

Senate Bill 1005 (passed) implements many of the recommendations of the Justice Reinvestment Coordinating Council including the modification of a number of criminal penalties.

Drug Possession

The bill reduces the maximum criminal penalties for the possession or administration of a CDS. A violation is a misdemeanor subject to (1) for a first conviction, imprisonment for up to one year and/or a fine of up to $5,000; (2) for a second or third conviction, imprisonment for up to 18 months and/or a fine of up to $5,000; and (3) for a fourth or subsequent conviction, imprisonment for up to two years and/or a fine of up to $5,000. In addition, except when in possession of less than 10 grams of marijuana, penalties are altered to establish that a defendant in possession of marijuana is guilty of a misdemeanor and subject to imprisonment for up to 6 months and/or a fine of up to $1,000.

Drug Distribution

The bill repeals mandatory minimum penalties applicable to a repeat drug offender (or conspirator) convicted of specified felony crimes involving CDS and establishes new maximum penalties. In addition, the authorization to double penalties for specified subsequent drug offenders is made applicable only when the person has also been previously convicted of a crime of violence. **Exhibit 1** shows the altered penalties.

Exhibit E-1

Penalties for Distribution of Controlled Dangerous Substances and Related Offenses

Offense	Current Penalty	New Penalty
CDS (Other than Schedule I or II Narcotic Drugs and Other Specified CDS)		
First-time Offender	Maximum penalty of 5 years imprisonment and/or $15,000 fine	Maximum penalty of 5 years imprisonment and/or $15,000 fine
Repeat Offender	2-year mandatory minimum sentence. Maximum penalty of 5 years imprisonment and/or $15,000 fine	Maximum penalty of 5 years imprisonment and/or $15,000 fine
CDS (Schedule I or II Narcotic Drug & Specified Drugs)		
First-time Offender	Maximum penalty of 20 years imprisonment and/or $25,000 fine	Maximum penalty of 20 years imprisonment and/or $25,000 fine
Second-time Offender	10-year mandatory minimum sentence (20 years maximum imprisonment) and a fine of up to $100,000	Maximum penalty of 20 years imprisonment and/or $25,000 fine
Third-time Offender	25-year mandatory minimum sentence and a fine of up to $100,000	Maximum penalty of 25 years imprisonment and/or a $100,000 fine (parole eligibility at 50% of sentence)
Fourth-time Offender	40-year mandatory minimum sentence and a fine of up to $100,000	Maximum penalty of 40 years imprisonment and/or a $100,000 fine (parole eligibility at 50% of sentence)

Source: Department of Legislative Services

The bill authorizes a person serving a term of confinement that includes a mandatory minimum sentence, imposed on or before September 30, 2017, for repeat offenses of specified crimes involving the manufacture, sale, and distribution of CDSs to apply to the court for a modification or reduction of the mandatory minimum sentence, regardless of whether the defendant filed a timely motion for reconsideration or a motion for reconsideration was denied by the court. The court is authorized to depart from the specified mandatory minimum sentence in response to the application.

The bill increases, from 50 to 448 grams, the amount of cocaine base, commonly known as "crack," required for prosecution as a volume dealer under the prohibitions relating to manufacturing, distributing, dispensing, or possessing CDS.

Theft Offenses

The maximum property value for misdemeanor theft is increased from $1,000 to $1,500, and a person is subject to increased penalties after one prior conviction and again after four or more prior convictions. The property value and penalties for theft crimes are expanded and altered as follows:

Value of Property and/or Services	Maximum Penalty
At least $100 and less than $1,500	First offense: 6 months imprisonment and/or a $500 fine
	Second, third, or fourth offense: 1 year imprisonment and/or a $500 fine
	Fifth and subsequent offense: 5 years imprisonment and/or a $5,000 fine
At least $1,500 and less than $25,000	5 years imprisonment and/or a $10,000 fine
At least $25,000 and less than $100,000	10 years imprisonment and/or $15,000 fine
$100,000 or more	20 years imprisonment and/or a $25,000 fine

With the exception of subsequent offender penalties for misdemeanor theft offenses, similar changes to property value and penalties are applied to provisions relating to obtaining property or services by bad checks or credit cards, identity fraud, Medicaid fraud, counterfeiting, and exploitation of vulnerable adults.

Criminal Gangs

The bill makes several changes to the criminal gang statute, including (1) increasing penalties for gang offenses; (2) expanding the prohibitions on gang activities; and (3) authorizing a court, following a conviction for a specified gang offense, to order a divestiture of property under specified circumstances.

The bill increases the general penalty for participation in a criminal gang under § 9-804 of the Criminal Law Article from imprisonment for up to 10 years and/or a $100,000 maximum fine to imprisonment for up to 15 years and/or a $1 million maximum fine. The bill also increases the penalty when a gang offense results in the death of a victim from imprisonment for up to 20 years and/or a $100,000 maximum fine to imprisonment for up to 25 years and/or a $5 million maximum fine.

The bill also establishes an Addiction Treatment Divestiture Fund within the Department of Health and Mental Hygiene to support addiction treatment services to persons with substance-related disorders. One source of money in the fund is revenues from the divested assets connected to specified gang offenses.

Second-degree Murder

The maximum penalty for second-degree murder is increased from imprisonment for up to 30 years to imprisonment for up to 40 years.

Child Abuse Resulting in Death

The maximum penalty for first-degree child abuse resulting in the death of a victim younger than age 13 is increased from imprisonment for up to 40 years to imprisonment for up to life. The maximum penalty for a subsequent conviction for child abuse resulting in the death of a victim is also increased from imprisonment for up to 40 years to imprisonment for up to life.

For a more detailed discussion of ***Senate Bill 1005*** see the subpart "Public Safety" within this part of this *90 Day Report*.

Alcohol Offenses

House Bill 409 (passed) prohibits an adult from (1) knowingly and willfully allowing an individual under 21 years old to possess or consume an alcoholic beverage at a residence that the adult owns or leases and in which the adult resides or (2) furnishing an alcoholic beverage to an individual under 21 years old for the purpose of consumption by that individual, if in either instance the adult knew or reasonably should have known that the individual would operate a motor vehicle and the individual did operate a motor vehicle under the influence of alcohol or while impaired by alcohol and caused seriously physical injury or death to the individual or another. A violation is a misdemeanor with a penalty of imprisonment for up to one year and/or a fine of up to $5,000.

Senate Bill 160*/*House Bill 157 (both passed) establish subsequent offender offenses and more stringent penalties for those who commit specified motor vehicle offenses that cause death or life-threatening injury. **Exhibit E-2** shows the offenses and penalties.

Exhibit E-2
Comparison of Current Maximum Penalties to Enhanced Maximum Penalties Under the Bill

Offense	**Current Maximum Penalties**			**Proposed Maximum Penalties if Previously Convicted of Any Specified Offense**		
		Imprisonment	**Fine**		**Imprisonment**	**Fine**
Manslaughter by vehicle or vessel – gross negligence	felony	10 years	$5,000	felony	15 years	$10,000
Manslaughter by vehicle or vessel – criminal negligence	misdemeanor	3 years	5,000	misdemeanor	5 years	10,000
Homicide by motor vehicle or vessel while under the influence of alcohol or under the influence of alcohol *per se*	felony	5 years	5,000	felony	10 years	10,000
Homicide by motor vehicle or vessel while impaired by alcohol	felony	3 years	5,000	felony	5 years	10,000
Homicide by motor vehicle or vessel while impaired by drugs	felony	3 years	5,000	felony	5 years	10,000
Homicide by motor vehicle or vessel while impaired by a CDS	felony	3 years	5,000	felony	5 years	10,000
Causing life-threatening injury by motor vehicle or vessel while under the influence of alcohol or under the influence of alcohol *per se* or while impaired by a CDS	misdemeanor	3 years	5,000	misdemeanor	5 years	10,000
Causing life-threatening injury by motor vehicle or vessel while impaired by alcohol or drugs	misdemeanor	2 years	3,000	misdemeanor	5 years	10,000

Notes: Under both current law and the bill, the maximum penalties may be the imprisonment term noted, the fine noted, or both. Proposed maximum penalties apply under the bill if previously convicted of the same offense, any other offense listed in this exhibit, or driving while under the influence of alcohol, while under the influence of alcohol *per se*, while impaired by alcohol, while impaired by drugs or drugs and alcohol, or while impaired by a CDS.

Source: Department of Legislative Services

Senate Bill 945 (passed) addresses various administrative sanctions for persons who are arrested for and convicted of specified provisions regarding driving under the influence and driving while impaired. Among other things, the bill requires that a person who is convicted under § 21-902(b) ("driving while impaired by alcohol") or § 21-902(c) ("driving while impaired by drugs or drugs and alcohol") of the Transportation Article, and who is found to have refused to take a breath or blood test, must participate in the Ignition Interlock System Program. For a more detailed discussion of ***Senate Bill 945***, see the subpart "Motor Vehicles" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Crimes Against Individuals

A person may not intentionally harm another, threaten to harm another, or damage or destroy property of another with the intent of retaliating against a victim or witness for (1) giving testimony in an official proceeding or (2) reporting a crime or delinquent act. A person is also prohibited from soliciting another person to engage in these activities. Violators are guilty of a misdemeanor, punishable by imprisonment for up to five years and/or a $5,000 maximum fine. However, there are increased penalties if the official proceeding relates to specified felony offenses. ***Senate Bill 156*/*House Bill 98 (both passed)*** expand the prohibition to include retaliation against a juror or an officer of the court of the State or the United States for any reason relating to the performance of the juror's or officer's official duties in a pending or completed case.

Senate Bill 278*/*House Bill 155 (both passed) expand the definition of "stalking" under the State's stalking statute to include a malicious course of conduct that includes approaching or pursuing another person where the person intends to cause or knows or reasonably should have known that the conduct would cause serious emotional distress to another person.

Senate Bill 178*/*House Bill 493 (both passed) expand the State's general extortion statute by prohibiting a person from committing acts prohibited under the extortion statute by wrongful use or actual or threatened notification of law enforcement officials about another person's undocumented or illegal immigration status.

A correctional employee, whether on a paid or volunteer basis, including an employee of the Department of Public Safety and Correctional Services (DPSCS) or a correctional facility and any employee of a contractor providing goods or services to DPSCS or a correctional facility, is prohibited from engaging in sexual contact, vaginal intercourse, or a sexual act with an inmate. ***House Bill 751 (passed)*** prohibits a court-ordered services provider from engaging in sexual contact, vaginal intercourse, or a sexual act with an individual ordered to obtain services while the order is in effect. A violator is guilty of a misdemeanor and on conviction is subject to up to three years imprisonment and/or a $3,000 fine.

House Bill 822 (passed) alters references to the term "mentally defective" individual to "substantially cognitively impaired" individual in provisions of law concerning specified sexual offenses and in provisions of law concerning the licensing of specified individuals to engage in business as an explosives manufacturer or dealer or to possess explosives for specified purposes.

Cruelty to Animals

Senate Bill 283 (passed) prohibits a person from possessing, with the intent to unlawfully use, an "implement of dogfighting." A dogfighting implement includes (1) a breaking stick; (2) a cat mill; (3) a springpole; (4) a fighting pit or other confined area designed to contain a dogfight; (5) a breeding stand; or (6) any other instrument or device commonly used for training, preparation, breeding, and conditions for dogfights. Violators are guilty of a misdemeanor and on conviction are subject to 90 days imprisonment and/or a $5,000 fine.

House Bill 46 (passed) adds "microchip" to the listed types of identification that an impounded domestic animal must be inspected for to ascertain the owner before being sold, placed, or destroyed. A person who violates the bill's requirements is subject to a civil fine of up to $500 for a first offense and for a second or subsequent offense is guilty of a misdemeanor and subject to a fine of up to $500.

Prohibition on Marking Flags

There is a State prohibition on mutilating or desecrating a flag by intentionally engaging in specified activities, including defacing a flag, in a manner intended to or under circumstances likely to incite or produce an imminent breach of the peace. ***House Bill 177 (passed)*** repeals a separate and currently unenforced criminal prohibition on making certain markings on a flag of the State or the United States for exhibition or display, publicly exhibiting such a flag with certain marks, or displaying merchandise with such a flag to advertise or mark the merchandise.

Weapons Offenses

With certain specified exceptions, a person may not carry or possess a firearm, knife, or deadly weapon of any kind on public school property. A violator is guilty of a misdemeanor and subject to maximum penalties of imprisonment for three years and/or a fine of $1,000. ***Senate Bill 906/House Bill 1002 (both failed)*** sought to expand the prohibition to prohibit a person from carrying or possessing a firearm on the property of a public institution of higher education in the State. As amended in the House, the bill would have required a public institution of higher education to post signs to provide notice of the bill's prohibition in prominent locations of the property of the institution, including at entrances to and exits from the property. ***Senate Bill 943 (failed)*** was amended during conference committee to include the prohibition. For more information regarding ***Senate Bill 943***, see subpart "Public Safety" within this part of this *90 Day Report*.

Criminal Procedure

Pretrial Release

A criminal defendant is entitled to be released pending trial unless a judge ultimately determines that no conditions can be placed on the defendant's release that would reasonably ensure the defendant's appearance at trial and the safety of the alleged victim, another person, and the community. In most cases, pretrial release determinations are made at the defendant's initial appearance before a District Court commissioner. However, a District Court commissioner is statutorily prohibited from authorizing the pretrial release of certain defendants. Pretrial release of such defendants may be authorized only by a judge, and only on suitable bail, on any other conditions that will reasonably ensure that the defendant will not flee or pose a danger to others, or on both bail and such other conditions.

A District Court commissioner may not authorize the pretrial release of (1) a defendant charged with a crime of violence, as defined in § 14-101 of the Criminal Law Article, if the defendant has previously been convicted of a crime of violence or (2) a defendant charged with specified weapons offenses if the defendant has previously been convicted of one of those offenses. ***Senate Bill 603*/*House Bill 374 (both passed)*** prohibit a District Court commissioner from authorizing the pretrial release of a defendant (1) charged with a crime of violence if the defendant has previously been convicted of specified weapons offenses or (2) charged with one of a list of specified weapons offenses if the defendant has previously been convicted of a crime of violence.

A District Court commissioner may not authorize the pretrial release of a person required to register with Maryland's sex offender registry. ***House Bill 166 (passed)*** prohibits a District Court commissioner from authorizing the pretrial release of a defendant who is a sex offender who is required to register by another jurisdiction; a federal, military, or tribal court; or a foreign government.

Seizure and Forfeiture

In 2015, the General Assembly passed Senate Bill 528 **(*Ch. 5*)**, which made several changes to statutes pertaining to seizure and forfeiture of property in connection with violations of the State's controlled dangerous substances laws. The Governor vetoed the legislation in 2015, and the General Assembly voted to override the veto. ***Chapter 5*** took effect February 20, 2016.

Senate Bill 161*/*House Bill 336 (both passed) made additional changes to the State's laws on the seizure and forfeiture of property in connection with violations of the State's controlled dangerous substances laws, as established by ***Chapter 5***.

The bills (1) remove money in an amount of more than $300 used or intended to be used in connection with the unlawful possession of a controlled dangerous substance or controlled paraphernalia from the statutory list of forfeitable property and (2) establish that money used or intended to be used in connection with the unlawful manufacture, distribution, or dispensing of a controlled dangerous substance or controlled paraphernalia is subject to forfeiture.

The bills require a seizing authority, at the time of seizure, to provide a receipt containing specified information and notices to the person from whom the property was seized. If the person who received the receipt is not the owner of the property, the seizing authority must send written information containing specified information regarding the location and description of the property and relevant contact information to the owner of the seized property, if known, within 15 days after the seizure of the property.

The bills authorize the owner of seized property to make a written request to the seizing authority for the return of the seized property. Within 60 days after receipt of a written request, the seizing authority must make a decision as to the disposition of the seized property and must notify the owner that (1) the seizing authority does not have custody of the property and must provide contact information for the law enforcement agency that does have custody of the property; (2) the seizing authority has custody of the property and will file a complaint for forfeiture; (3) the seizing authority does have custody of the property and will retain it for evidentiary purposes until after the conclusion of a criminal case; or (4) the seizing authority has custody of the property and will promptly return the property to the owner.

If the State or a political subdivision does not file a timely complaint seeking forfeiture, the property must be returned to the owner, if known.

In addition to existing statutory restrictions, the bills prohibit a seizing authority or forfeiting authority from directly or indirectly transferring seized property to a federal law enforcement authority or agency unless (1) the property is cash of at least $50,000; or (2) the seizing authority transfers the property to a federal authority under a federal seizure warrant issued to take custody of assets originally seized under State law.

Except for purposes of impeachment, a statement made by a person regarding ownership of seized property during the course of a forfeiture proceeding is not admissible in a related criminal prosecution.

The bills require the Governor to appropriate 20% of the proceeds deposited into the State's general fund from forfeited property under Title 12, Subtitle 4 of the Criminal Procedure Article to the Department of Health and Mental Hygiene for the purpose of funding drug treatment and education programs.

The bills require (1) seizing authorities to report specified seizure and forfeiture information; (2) the Maryland Statistical Analysis Center (MSAC), which is within the Governor's Office of Crime Control and Prevention (GOCCP), to compile information submitted by seizing authorities; and (3) GOCCP to submit an annual report on the submitted information.

More specifically, on an annual basis, each seizing authority, in consultation with the corresponding forfeiting authority, must report specified information about each individual seizure and forfeiture completed by the agency under Title 12 of the Criminal Procedure Article and how any funds appropriated to the authority as a result of forfeiture were spent in the preceding fiscal year. The following information must be reported: (1) the date that currency, vehicles, houses, or other types of property were seized; (2) the type of property seized; (3) the outcome of related criminal action; (4) whether a unit of federal government took custody of the seized property and the name of the unit; (5) for property other than money, the market value of the property seized; (6) if money was seized, the amount of money; (7) the amount the seizing authority received in the prior year from the federal government as part of an equitable sharing agreement; (8) the race and gender of the person or persons from whom the property was seized, if known; and (9) whether the property was returned to the owner.

MSAC must make the reports submitted by seizing authorities and MSAC's aggregate report available on MSAC's website by March 1 of each year. GOCCP must submit the aggregate report to the Governor, the General Assembly, and each seizing authority before September 1 of each year. GOCCP may include, with MSAC's aggregate report, recommendations to the legislature to improve forfeiture statutes to better ensure that forfeiture proceedings are reported and handled in a manner that is fair to crime victims, innocent property owners, secured interest holders, citizens, and taxpayers.

Testimony, Evidence, and Venue

Testimony by Convicted Perjurers

Under State law, a convicted perjurer is prohibited from testifying in a court proceeding. ***Senate Bill 150*/*House Bill 237 (both passed)*** repeal the prohibition on convicted perjurers testifying in court proceedings and require that evidence that a person has been convicted of perjury be admitted for the purpose of attacking the credibility of the witness, regardless of the date of the conviction, if the evidence is elicited from the witness or established by public record during examination of the witness.

Admissibility of DNA Evidence

The evidence of a DNA profile is admissible in a criminal proceeding to prove or disprove the identity of any person, so long as the party seeking to introduce the evidence provides certain information to the opponent on request. An analysis of genetic loci qualifies as a DNA profile if it is validated according to standards established by (1) the Technical Working Group on DNA Analysis Methods (TWGDAM) or (2) the DNA Advisory Board of the Federal Bureau of Investigation (FBI). A statement from the testing laboratory stating that its genetic analysis has been validated using the abovementioned standards is sufficient to admit a DNA profile. Since the enactment of the current statute, the FBI director has issued his DNA quality assurance standards, and TWGDAM and the DNA Advisory Board no longer exist. Thus, the current statutory terminology is obsolete and does not meet current practices and standards.

In an effort to address this situation, ***Senate Bill 637*/*House Bill 641 (both passed)*** alter the definition of "DNA profile" to mean an analysis of genetic loci that has been validated according to (1) standards established by TWGDAM; (2) standards established by the DNA Advisory Board of the FBI; (3) the FBI's Quality Assurance Standards for Forensic DNA Testing Laboratories; or (4) the FBI's Quality Assurance Standards for DNA Databasing Laboratories. In order for a DNA profile to be admissible under § 10-915 of the Criminal Procedure Article as evidence in a criminal proceeding, it must be accompanied by a statement from the testing laboratory setting forth that the analysis of genetic loci has been validated by one of the aforementioned standards. While TWGDAM and the DNA Advisory Board no longer exist, the two entities remain in the statute for the prosecution of cold cases in which testing occurred when those entities did exist and their standards were still in place.

Venue for Prosecution

A person is prohibited from circulating or transmitting to another, with intent that it be acted on, a statement or rumor that the person knows to be false about the location or possible detonation of a destructive device or the location or possible release of toxic material. A violator is guilty of a felony, punishable by imprisonment for up to 10 years and/or a $10,000 maximum fine. If the crime was committed using a telephone or other electronic means, the crime may be prosecuted in the county in which the communication originated or the county in which the communication was received. ***Senate Bill 287*/*House Bill 121 (both passed)*** authorize a person to be prosecuted for making a false statement concerning a destructive device or toxic material using a telephone or other electronic means in the county in which the destructive device or toxic material was stated or was rumored to be located.

Expungement

While several bills to expand the availability of expungement of a police or court record were introduced during the 2016 legislative session, none of the independent expungement bills passed. However, ***Senate Bill 1005 (passed)***, also known as the Justice Reinvestment Act, authorizes a person to file a petition listing relevant facts for expungement of a police, court, or other record if the person is convicted of specified misdemeanors. A petition for expungement may not be filed earlier than 10 years after the person satisfied the sentence or sentences imposed for all convictions for which expungement is requested, including parole, probation, or mandatory supervision. If the person is convicted of a new crime during the 10-year waiting period, the original conviction or convictions are not eligible for expungement unless the new conviction becomes eligible. A person is not eligible for expungement if the person is a defendant in a pending criminal proceeding or if one conviction in a unit is not eligible for expungement. In general, a person must file a petition for expungement in the court in which the proceeding began. However, the bill specifies procedures for situations involving transfers to another court or the juvenile court. In addition, the bill specifies procedural requirements regarding objections to a petition, hearings, and appeals. For more information on ***Senate Bill 1005***, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Victims of Crime

Restitution

Under State law, a victim of a crime or delinquent act (or a representative in the event the victim is deceased, disabled, or a minor) has a broad range of specific rights during the criminal justice process. One of these rights is the right for a victim of a crime to file an application for leave to appeal to the Court of Special Appeals from an interlocutory order or appeal to the Court of Special Appeals from a final order that denies or fails to consider a statutory right of the victim.

A "victim" for the purposes of restitution is a person who suffers personal injury or property damage or loss directly resulting from a crime or delinquent act, or the person's representative in the event of the person's death. A victim is presumed to have a right to restitution if the victim or the State requests restitution and the court is presented with competent evidence of specified expenses or losses. A victim who alleges that the victim's right to restitution was not considered or was improperly denied may file a motion requesting relief within 30 days of the denial or alleged failure to consider. If the court finds that the victim's right to restitution was not considered or was improperly denied, the court may enter a judgment of restitution.

Senate Bill 187/House Bill 659 (both passed) expand the rights of victims by establishing that a victim of a crime for which the defendant or child respondent is charged may file an application for leave to appeal to the Court of Special Appeals from an interlocutory or final order that denies or fails to consider a right secured to the victim by provisions authorizing (1) a victim, who alleges that the victim's right to restitution was not considered or was improperly denied, to file a motion requesting relief within 30 days of the denial or alleged failure to consider and (2) the court to enter a judgment of restitution if the court finds that the victim's right to restitution was not considered or was improperly denied.

Senate Bill 372/House Bill 707 (both passed) require the Department of Information Technology (DoIT) to (1) analyze the logistics of intercepting horse racing winnings to pay for the child support or restitution arrears of the winner to include account wagering entities; (2) study the effectiveness of the current interfaces used by the State for child support enforcement and restitution collection from income tax intercepts, lottery intercepts, video lottery intercepts, State vendor payment intercepts, and other means of collecting child support and restitution; and (3) make recommendations regarding implementing a means of intercepting horse racing winnings for the purpose of paying the child support or restitution arrears of the winner. DoIT must report its findings and recommendations to the General Assembly by December 31, 2016.

Safe Harbor Polices for Youth Victims of Human Trafficking

Chapter 91 of 2015 established the Workgroup to Study Safe Harbor Policy for Youth Victims of Human Trafficking to study legal protections and the provision of services for youth victims of human trafficking. The workgroup submitted a report on its findings and recommendations to the Governor and the General Assembly on December 1, 2015. Chapter 91 terminates June 30, 2016. ***Senate Bill 863/House Bill 786 (Chs. 80 and 81)*** extend the termination date for the workgroup from June 30, 2016, to June 30, 2017. The workgroup must submit a supplemental report on its findings and recommendations by December 1, 2016.

Marijuana Possession

In general, a defendant in possession of marijuana is guilty of a misdemeanor and subject to imprisonment for up to one year and/or a fine of up to $1,000. However, pursuant to Chapter 158 of 2015, possession of less than 10 grams of marijuana is a civil offense punishable by a fine of up to $100 for a first offense and $250 for a second offense. The maximum fine for a third or subsequent offense is $500.

House Bill 565 (passed) clarifies that a person who violates the prohibition against possessing a controlled dangerous substance involving marijuana in the amount of 10 grams or more is guilty of the misdemeanor of possession of marijuana and establishes additional procedures for prosecution of civil cases for possession of less than 10 grams of marijuana.

A court that orders a person to a drug education program or substance abuse assessment or treatment may hold the case *sub curia* (as a matter of law), pending receipt of proof of completion of the program, assessment, or treatment.

The court must summon a person for trial if the person (1) is issued a citation for use or possession of less than 10 grams of marijuana; (2) is at least age 21; and (3) has been previously found guilty at least twice for use or possession of less than 10 grams of marijuana.

As in existing law, the District Court must establish a schedule for the prepayment of the fine. Under the bill, prepayment of a fine is considered a plea of guilty. A person younger than age 21 may not prepay the fine. The bill also specifies requirements for a person to request a trial. If the person does not request a trial or prepay the fine within the specified timeframe, the court may impose the maximum fine and costs against the person and find the person guilty.

The issuing jurisdiction must forward a copy of the citation and a request for trial to the District Court in the district that has venue.

In any proceeding for a code violation involving the use or possession of less than 10 grams of marijuana (1) the State has the burden to prove the defendant guilty by a preponderance of the evidence; (2) the court must apply the evidentiary standards as prescribed by law for the trial of a criminal case; (3) the court must ensure that the defendant receives a copy of the charges and that the defendant understands those charges; (4) the defendant is entitled to cross-examine all witnesses who appear against the defendant, to produce evidence or witnesses on behalf of the defendant, and to testify in self-defense; (5) the defendant is entitled to representation by counsel of the defendant's choice and at the defendant's expense; and (6) the defendant may enter a plea of guilty or not guilty, and the verdict of the case must be guilty of a code violation, not guilty of a code violation, or probation before judgment.

A defendant is liable for the costs of the proceedings in the District Court. The court costs are $5.

The State's Attorney for any county may prosecute a code violation for possession of less than 10 grams of marijuana in the same manner as the prosecution of a violation of the criminal laws of the State. The States Attorney may also enter a *nolle prosequi* or place the case on the stet docket, and exercise authority in the same manner as prescribed by law for violations of the criminal laws of the State.

A citation for use or possession of less than 10 grams of marijuana, and the official court record regarding the citation, are not subject to public inspection and may not be included on the Judiciary's public website under specified circumstances.

The bill also changes references from "violation" to "finding of guilt" in existing penalty provisions.

Juvenile Law

Shackling and Strip Searches of Juveniles

The Department of Juvenile Services (DJS) is required to adopt regulations applicable to residential facilities it operates that (1) prohibit the use of locked door seclusion and restraints as punishment and describe the circumstances under which these methods may be used and (2) prohibit abuse of a child. DJS must also adopt regulations that set standards for juvenile detention facilities operated by DJS and by private agencies. The standards must reflect the following central purposes of juvenile detention: (1) to protect the public; (2) to provide a safe, humane, and caring environment for children; and (3) to provide access to required services for children. Standards must include provisions establishing prohibitions against the use of excessive force against a child and prohibitions against the use of physical restraints on an individual known to be in the third trimester of pregnancy or during labor, delivery, or postpartum recovery, including during all transports, unless a facility superintendent or designee determines that a physical restraint is necessary to protect the individual from harming herself or others or to prevent the individual's escape from custody.

In accordance with regulations, a DJS facility employee may apply restraints to a youth only for the protection of the youth or other individuals, secure transportation, or the prevention of escape. (*See* COMAR 16.18.02.04.) The use of restraints is governed by the policy applicable to the facility, which is based on the facility's physical structure and personnel. (*See* COMAR 16.18.02.05.)

The Juvenile Justice Monitoring Unit (JJMU) within the Office of the Attorney General investigates the needs of children under the jurisdiction of DJS and determines whether the needs are being met in compliance with State law. This includes reporting on allegations of abuse and on the treatment of and services for youth held in facilities. In its Fourth Quarter Report and 2015 Annual Review, JJMU expressed concern with the policy of DJS on strip searches and shackling of children and recommended that State law be changed to prohibit indiscriminate shackling and strip searches in DJS facilities and during transportation.

The 2016 budget bill, as enacted, includes language to withhold $1.0 million of the general fund appropriation from DJS until DJS submits to the budget committees extensive information regarding policies and statistics for strip searches and shackling of children in DJS custody.

House Bill 1634 (passed) establishes the Task Force to Study the Restraint, Searches, and Needs of Children in the Juvenile Justice System, which is to be staffed by JJMU and the Office of the Public Defender. By December 31, 2016, the task force must report its findings and recommendations to the Governor and the General Assembly.

The task force must:

- review the policies and practices of DJS regarding shackling and strip searches of children within the juvenile justice system;

- examine when, by whom, and for what purpose a child in the custody of DJS is strip-searched or shackled;

- determine the capital expenditures that are necessary to address issues regarding the restraint and searches of children within the juvenile justice system; and

- make recommendations regarding changes in policies, practices, or capital expenditures that are necessary to address issues involving the restraint and searches of children within the juvenile justice system.

Coordinating Council for Juvenile Services Educational Programs

The Maryland State Department of Education (MSDE) first assumed responsibility for educating juveniles within residential facilities operated by DJS in 2003, when it took control over educational programming at one facility. Chapter 535 of 2004 expanded on these efforts and required MSDE to provide educational services in all of the residential facilities within specified timeframes. Chapter 535 also established the Coordinating Council for Juvenile Services Educational Programs. By July 1, 2013, MSDE had assumed control of educational programming within all DJS facilities.

Senate Bill 317 (Ch. 63) alters the terms and membership of the Coordinating Council for Juvenile Services Educational Programs. The Act repeals the requirements related to the selection of the county superintendent and establishes instead that the county superintendent is to be appointed by the Public School Superintendents' Association of Maryland.

The Act also adds members to the council, including the Executive Director of the Maryland Association of Community Colleges, or the Executive Director's designee, a member appointed by the Maryland Association of Boards of Education, two State residents appointed by the Governor, and one resident, appointed by the Governor (in consultation with the county executive or mayor of the county) from Anne Arundel County, Baltimore City, Baltimore County, Frederick County, Howard County, Montgomery County, and Prince George's County. The Act specifies that (1) at the end of a term, an appointed member continues to serve until a successor is appointed and qualifies and (2) a member who is appointed after a term has begun serves only for the rest of the term and until a successor is appointed and qualifies. The terms of the new members added in accordance with the Act begin on January 1, 2017.

Public Safety

Justice Reinvestment Act

Chapter 42 of 2015 established the Justice Reinvestment Coordinating Council (JRCC) in the Governor's Office of Crime Control and Prevention. The council was required to (1) using a data-driven approach, develop a statewide policy framework of sentencing and corrections policies to further reduce the State's incarcerated population, reduce spending on corrections, and reinvest in strategies to increase public safety and reduce recidivism and (2) request technical assistance from the Council of State Governments Justice Center and the Public Safety Performance Project of the Pew Center on the States to develop the policy framework. The council met numerous times in 2015 to analyze criminal justice data and review relevant research.

The council was required to submit its findings and recommendations by December 31, 2015. In its report, the council noted that while the overall number of offenders admitted to prison had declined by almost 20% in the last decade, more than half of prison admissions had underlying nonviolent offenses. Offenders in the State are spending longer periods of time in incarceration. Factors contributing to longer stays include an increase of 25% in the average sentence length for new prisoners and a 29% increase in sentence lengths for probation revocations.

Based on its findings, the council developed a comprehensive set of recommendations that are intended to focus prison resources on serious and violent offenders, strengthen community supervision efforts, improve and enhance release and reentry practices, support local corrections systems, and ensure oversight and accountability.

Senate Bill 1005 (passed) implements many of the recommendations of JRCC by altering provisions relating to sentencing, corrections, parole, and the supervision of offenders. The majority of the provisions in the bill take effect October 1, 2017, and exceptions include the creation of the boards and the reporting and funding requirements.

Sentencing

Penalties: The bill alters a number of criminal penalties including (1) reducing the maximum criminal penalties for offenses relating to possessing, distributing, dispensing, possessing with intent to distribute, manufacturing or administering a controlled dangerous substance (CDS); (2) repealing mandatory minimum penalties imposed on specified subsequent drug offenders; (3) requiring an individual charged with operating a motor vehicle with a suspended license to appear in court; (4) increasing the maximum penalty for second-degree murder; (5) altering the maximum penalties for various theft crimes; and (6) increasing the maximum penalty for first-degree child abuse resulting in the death of a victim younger than age 13 and the maximum penalty for a subsequent conviction for child abuse resulting in the death of a victim. The bill also makes several changes to the criminal gang statutes and establishes an Addiction Treatment Divestiture Fund within the Department of Health and Mental Hygiene (DHMH). For a more detailed discussion of criminal penalties altered by ***Senate Bill 1005***, see subpart "Criminal Law" within this part of this *90 Day Report*.

Drug Treatment Assessment: The bill authorizes the court, before imposing a sentence for a violation of laws prohibiting the possession of a CDS or 10 grams or more of marijuana, to order DHMH, or a certified and licensed designee, to conduct an assessment of the defendant for a substance use disorder and determine whether the defendant is in need of, and may benefit from, drug treatment.

Residential Drug Treatment: When ordered by a court, DHMH must conduct an assessment regarding whether, by reason of drug or alcohol abuse, a defendant is in need of, and may benefit from, treatment and to provide the name of a treatment program. The bill requires the recommended treatment to be immediately available, and immediately provided following a court order committing the defendant to substance abuse treatment as an alternative to incarceration. If the court finds exigent circumstances, the court may delay a commitment order to DHMH for no longer than 30 days. If a defendant is not placed in treatment within 21 days of the order, the court may order DHMH to appear to explain the reason for the lack of placement.

Parole and Probation Supervision

Validated Screening Tool and Risk and Needs Assessment: The bill requires the Division of Parole and Probation (DPP) within the Department of Public Safety and Correctional Services (DPSCS) to administer a validated screening tool on each individual on parole or mandatory supervision and conduct a risk and needs assessment and develop an individualized case plan for each individual who has been screened as moderate or high risk to reoffend. DPP must supervise the individual based on the results of the validated screening tool or the assessment.

Graduated Sanctions for Violations of Parole and Probation: The bill specifies that DPSCS must establish a program to implement the use of graduated sanctions in response to technical violations of conditions of supervision and adopt policies and procedures to implement the program and ensure that specified due process protections and supervisory guidelines are in place. DPP must provide notice to the court and to the Maryland Parole Commission (MPC), regarding a technical violation and any graduated sanctions imposed as a result. The court and MPC may impose sentences up to a specified maximum for a revocation due to a technical violation but may depart from the limits if adhering to the limits would create a risk to public safety or to a victim or witness. The court may also depart from the specified limits if the court commits the probationer or defendant to DHMH under § 8-507 of the Health-General Article for substance abuse treatment.

"Technical violation" means a violation of a condition of probation, parole, or mandatory supervision that does not involve an arrest or a summons issued by a District Court commissioner on a statement of charges filed by a law enforcement officer, a conviction, a violation of a no-contact or stay-away order, or absconding.

Earned Compliance Credits Program: The bill requires DPP to place specified individuals who are on probation, parole, or mandatory supervision on abatement when a combination of time served on probation, parole, or mandatory supervision and earned compliance credits satisfy the specified individual's active term of supervision. The definition of "supervised individual" for the purpose of eligibility for earned compliance credits is expanded to include individuals convicted of specified CDS offenses. Twenty-five percent of the savings realized by DPSCS as a result of the application of earned compliance credits is to revert to the department, and the remaining is to be allocated to the Performance Incentive Grant Fund established by the bill.

Certificate of Rehabilitation: The bill requires DPSCS to issue a certificate of rehabilitation to individuals who are convicted of a specified offense, are supervised by DPP under specified conditions, have completed conditions of supervision, and are no longer under the jurisdiction of DPP. The bill prohibits a licensing board from denying an occupational license or certificate to an applicant who has been issued a certificate of rehabilitation solely on the basis that the applicant has been convicted of the crime that is the subject of the certificate.

Prison and Reentry

Risk and Needs Assessment: The bill requires the Division of Correction (DOC) to conduct a risk and needs assessment of an inmate as soon as feasible after the individual is sentenced to DOC. Based on the assessment, DOC must develop a case plan to guide an inmate's rehabilitation while in DOC custody. The case plan must include programming and treatment recommendations, required conduct in accordance with the rules and policies of DOC, and a payment plan for restitution, if applicable.

Diminution Credits: The bill increases the total possible deduction for diminution credits for an individual who is serving a sentence in a State correctional facility in connection with specified crimes prohibiting the unlawful manufacture, distribution, dispensing, or possession of a CDS, equipment, or a counterfeit substance, from 20 to 30 days per calendar month. The bill provides an increase in the total deduction for inmates, except for inmates serving a sentence for a violent offense, a specified sex offense, or a drug offense, for special selected work projects or special programs, from 10 to 20 days. The types of programs for which an inmate may earn diminution credits is expanded. In addition, the total deduction for diminution credits is increased for an individual who is serving a sentence in a local correctional facility for a crime other than a crime of violence, from 5 to 10 days per month. These provisions must be construed prospectively to apply only to inmates that are sentenced on or after October 1, 2017.

Restitution: The bill requires withholding of 25% of an inmate's earnings for compensation for victims of crime.

Administrative Release: An "administrative release" process is created for an eligible inmate who has served one-fourth of the inmate's sentence and meets established specifications.

Geriatric Parole and Medical Parole: The bills change the standards under which an inmate can be granted geriatric parole or medical parole. Among the changes, geriatric parole may not be granted to an inmate registered or eligible for registration on the sex offender registry, and the requirement that the Governor approve medical parole for a person serving a life sentence is repealed and replaced with a procedure for disapproval.

Expungement

The bill allows for the expungement of convictions for specified misdemeanors after 10 years, or 15 years in the case of second-degree assault and domestically related crimes, if the person has had no subsequent convictions, and the court finds that the person is not a risk to public safety and that expungement is in the interest of justice. For a more detailed discussion of the expungement provisions in ***Senate Bill 1005***, see subpart "Criminal Procedure" within this part of this *90 Day Report*.

Reinvestment Board and Commission

The bill establishes the Justice Reinvestment Oversight Board to oversee the implementation of and compliance with the recommendations of JRCC among other duties. The bill also establishes the Local Government Justice Reinvestment Commission to advise the Justice Reinvestment Oversight Board on matters related to legislation, regulations, rules, budgetary changes, and all other actions needed to implement the recommendations of JRCC as they relate to local governments. In connection with the board and commission, the bill establishes the Performance Incentive Grant Fund to make use of the savings from the implementation of the recommendations of JRCC.

Reports

The bill requires numerous studies and reports to be made by various entities. Topics include (1) studying offender treatment needs; (2) studying and identifying best practices for criminal referrals to mediation; (3) studying and making recommendations regarding the impact of incarceration on employment; (4) studying the restitution process; (5) studying how more alternatives to incarceration may be included in the sentencing guidelines; and (6) studying the progress toward implementation of the bill and the projected financial impact on local jurisdictions and correctional facilities.

Funding

The bill establishes the intent of the General Assembly that the Governor provide funding annually in the budget bill for (1) DHMH to expand the use of drug treatment; (2) DHMH and DPSCS to establish a process to expand the enrollment of incarcerated individuals in Medicaid on release; (3) DOC and DPP to expand treatment and programming for substance abuse treatment, mental health treatment, cognitive behavioral programming, and other evidence-based interventions for offenders; and (4) the State unit responsible for the improvement of the collection of restitution.

Law Enforcement

Public Safety and Policing Workgroup

House Bill 1016 (passed) makes changes relating to public safety and policing to generally implement the recommendations of the Public Safety and Policing Workgroup.

Maryland Police Training and Standards Commission: The bill reconstitutes and renames the Police Training Commission as an independent Maryland Police Training and Standards Commission (MPTSC) within DPSCS and makes changes to the membership, terms, appointment of a chair, and duties. The changes to the duties include:

- requiring training to include special training in, attention to, and study of the application of antidiscrimination and use-of-force de-escalation training;
- adopting and recommending a set of best practices and standards for the use of force;
- evaluating and modernizing recruitment standards and practices for law enforcement agencies to increase diversity within the agencies;
- developing standards for the psychological evaluation of law enforcement officers involved in specified incidents;
- developing a system for reporting serious officer involved incidents;
- establishing a confidential hotline for law enforcement officers and other personnel;
- establishing a police complaint mediation program;
- developing best practices for the establishment and implementation of a community policing program in each jurisdiction; and
- developing a uniform citizen complaint process.

In addition, the requirements for certification as a police officer are expanded to include the submission to a psychological evaluation by a psychologist approved by MPTSC.

Law Enforcement Officers Bill of Rights (LEOBR): The bill makes a number of changes to the complaint process, administrative procedure, and make up of a hearing board under the LEOBR.

Changes to the complaint process under LEOBR include:

- removing the requirement for notarization of a complaint against a law enforcement officer alleging excessive force, and instead requiring that a complaint be signed by the complainant under the penalty of perjury;
- allowing a complaint to come from an individual with firsthand knowledge obtained because the individual has a specified unaltered video recording of the incident; and
- extending, from 90 to 366 days, the complaint filing deadline triggering the requirement that disciplinary action be undertaken by a law enforcement agency.

For a law enforcement officer under investigation, the time period for retaining an attorney for the internal investigation and disciplinary process is reduced, from 10 days to 5 business days, unless the chief, for good cause shown, extends the period for obtaining representation.

Additionally, the bill prohibits specified personnel actions from being taken against an officer who reports information relating to gross mismanagement, a gross waste of government resources, a substantial and specific danger to public health, or a violation of law committed by another officer.

Administrative Hearing Boards: For an administrative hearing board, the bill authorizes the chief to appoint, in addition to the three voting members, a member of the public who has received training from MPTSC on LEOBR and matters relating to police procedures, as a nonvoting member of the board. A local jurisdiction may, by local law, authorize a chief to appoint up to two voting or nonvoting members to the board. A hearing board that has been formed by an alternative method negotiated by a law enforcement agency through collective bargaining may also include up to two voting or nonvoting members of the public. MPTSC must develop and administer a training program on matters relating to police procedures for members of the public who intend to qualify to participate as a member of a hearing board. The bill also requires that a hearing conducted by an administrative hearing board be open to the public, unless the chief determines and provides notice that the hearing should be closed for good cause.

Requirements for Law Enforcement Agencies: The bill imposes several new requirements on law enforcement agencies. Each law enforcement agency must (1) require an incident report to be filed by a law enforcement officer who was involved in a use-of-force incident in the line of duty by the end of the shift unless the officer is disabled; (2) annually report specified information to MPTSC relating to serious officer-involved incidents; (3) make all official law enforcement policies, including public complaint procedures and collective bargaining agreements, available online for each law enforcement agency, except for specified exceptions; and (4) establish a confidential and nonpunitive early intervention policy for counseling officers regarding citizen complaints. Additionally, the bill requires local law enforcement agencies to adopt a community policing program.

Community Program Fund: The bill establishes a Community Program Fund as a special, nonlapsing fund administered by the Executive Director of the Governor's Office of Crime Control and Prevention (GOCCP) to assist in the establishment of community programs by law enforcement agencies and violence intervention programs. For fiscal 2018 and each fiscal year thereafter, the Governor must include in the annual budget bill an appropriation to the fund of $500,000.

Income Tax Subtraction Modification: The bill creates an income tax subtraction modification for a law enforcement officer who resides in the political subdivision in which the officer is employed, if the crime rate in the political subdivision exceeds the State's crime rate.

Police Training

The Ethan Saylor Alliance for Self-Advocates as Educators: The Ethan Saylor Alliance for Self-Advocates as Educators, housed within the Maryland Department of Disabilities, was established by Chapters 387 and 388 of 2015 to (1) prepare and support advocates with intellectual and developmental disabilities to play an active role as trainers of law enforcement; (2) connect law enforcement with trained educators who have developmental disabilities; (3) promote collaborative efforts that support community inclusion; and (4) identify resources needed to prepare and support educators with developmental disabilities.

Senate Bill 147*/*House Bill 22 (both passed) require the steering committee of the Ethan Saylor Alliance for Self-Advocates as Educators to review, or to request the alliance to review, the content and to monitor the implementation of the training objectives and curriculum adopted by the Police Training Commission for a community inclusion program. The review must be conducted at least every four years but may be conducted more frequently at the request of the Police Training Commission. The bills also remove representatives from People on the Go and the Maryland Association of Boards of Education from the steering committee.

Motorcycle Profiling: The term "motorcycle profiling" means the arbitrary use of the fact that an individual rides a motorcycle or wears motorcycle-related clothing or paraphernalia as a factor in deciding to stop, question, take enforcement action, arrest, or search the individual or vehicle. ***Senate Bill 233*/*House Bill 785 (both passed)*** require the Maryland Police Training Commission to require a statement condemning motorcycle profiling to be included in existing written policies regarding other profiling. The bills also require that the curriculum and minimum courses of study for entrance-level police training and in-service level training conducted by the State and each county and municipal training school include training consistent with established law enforcement standards, and federal and State constitutional provisions, related to motorcycle profiling in conjunction with existing training regarding other profiling.

Lethality Screening Protocol and Training: House Bill 1371 (passed) requires the Maryland Police Training and Standards Commission after conducting a review of the experience and best practices of other states, to develop a lethality screening protocol and training for law enforcement officers to employ when investigating complaints of domestic violence and assault by strangulation, and to report the result of the review, the protocol, and the training developed in accordance with the bill to the General Assembly, by January 1, 2017.

State Police Investigatory Authority

Generally throughout the State, the Department of State Police (DSP) has the same powers, privileges, immunities, and defenses as sheriffs, constables, police officers, and other peace officers possessed at common law and may now or in the future exercise within their respective jurisdictions. DSP may execute an arrest warrant in any part of the State without further endorsement. However, DSP may not act within the limits of a municipal corporation (including Baltimore City) that maintains a police force except under certain circumstances.

House Bill 76 (passed) expands the list of crimes for which members of DSP have authority to investigate and enforce within a municipal corporation to include:

- sexual solicitation of a minor;
- misuse of telephone facilities and equipment;

- misuse of electronic mail;
- visual surveillance with prurient intent;
- possession of visual representation of child younger than age 16 engaged in certain sexual acts;
- human trafficking;
- receiving earnings as a prostitute;
- committing offenses relating to a house of prostitution; and
- abduction of a child younger than age 16.

Internet Crimes Against Children Task Force

The Computer Crimes Unit within DSP operates and administers the Maryland Internet Crimes Against Children (ICAC) Task Force, a federally funded project designed to respond to and investigate complaints of online sexual child exploitation. The ICAC Task Force consists of law enforcement agencies from around the State and, in 2015, was responsible for 200 arrests relating to child exploitation crimes. The task force has received more than 1,500 cyber tips from the National Center for Missing and Exploited Children.

GOCCP is required to establish and sustain child advocacy centers in the State to address the special needs of sexual assault victims. ***Senate Bill 864 (passed)*** establishes the ICAC Task Force Fund administered by the Executive Director of GOCCP to provide grants to local law enforcement agencies for salaries, training, and equipment to be used for the investigation and prosecution of Internet crimes against children. The fund is intended to also support the ongoing operations of the Maryland ICAC Task Force and provide funding to specified child advocacy centers. The bill requires the Governor to include in the annual budget bill an appropriation not less than $2 million to the fund beginning in fiscal 2018.

Firearms

Applications and Renewals

Senate Bill 208*/*House Bill 312 (both passed) specify that a person who applies for a renewal of a permit to carry, wear, or transport a handgun is not required to be fingerprinted unless the Secretary of State Police requires a set of the person’s fingerprints to resolve a question of the person’s identity.

Transfer

Senate Bill 943/House Bill 1001 (both failed), as introduced, would have required a court to inform a person convicted of a felony or a specified disqualifying crime that is a domestically related, that the person is prohibited from possessing a regulated firearm, rifle, or shotgun. The bills would have required the court to advise the person that any firearms possessed by the person had to be transferred from the person's possession within two days, and that proof of the transfer had to be filed with the court. Transfer would have been required to be made to a State or local law enforcement official, or to a federally licensed firearms dealer. The bills would have established procedures and requirements related to the transfers and the disposal of transferred firearms.

As amended by conference committee, ***Senate Bill 943*** would have provided exceptions to the prohibitions on carrying or transporting a firearm, to allow a firearm to be transported to comply with the requirements of the bill. The bill would have allowed a person prohibited from possessing a rifle or a shotgun to transfer the rifle or shotgun to another person under specified circumstances and established procedures for the transfer. The bill also would have prohibited, with specified exceptions, a person from carrying or possessing a firearm on the property of a public institution of higher education in the State, and required a public institution of higher education to post signs to provide notice of the bill's prohibition in prominent locations on the property of the institution, including at entrances to and exits from the property.

Buildings – Safety Standards and Practices

Building Performance Standards

House Bill 57 (Ch. 83) extends the period of time, from 12 to 18 months, within which the Department of Housing and Community Development must adopt, by regulation, each subsequent version of the Maryland Building Performance Standards (MBPS) after it is issued. The Act also extends the period of time, from 6 to 12 months, within which each local jurisdiction must implement and enforce any modification to the MBPS after it is adopted by the State.

Senate Bill 182/House Bill 849 (both passed) require a rental dwelling unit to have a carbon monoxide alarm installed outside and in the immediate vicinity of each separate sleeping area and on every level of the unit, including the basement, by April 1, 2018. A "rental dwelling unit" is defined as a room or group of rooms that form a single independent habitable rental unit for permanent occupation by one or more individuals that has living facilities with permanent provisions for living, sleeping, eating, cooking, and sanitation.

Sentencing and Corrections Employees and Hearing

Correctional Training Commission

Senate Bill 439/House Bill 855 (both passed) authorize the Correctional Training Commission to revoke the certification of a Department of Juvenile Services (DJS) employee in conjunction with disciplinary action taken under Title 11 of the State Personnel and Pensions

Article. The Office of Administrative Hearings (OAH) may reinstate the certification of a DJS employee with no further examination or condition if OAH rescinds or modifies the disciplinary action against the employee. In addition, the bills authorize a court reviewing a decision, order, or action against a correctional officer under the Correctional Officer's Bill of Rights to reinstate the correctional officer's certification with no further examination or condition.

Restrictive Housing

DPSCS is authorized to adopt regulations for the operation and maintenance of State correctional facilities, including regulations concerning the discipline of inmates and the character of punishments for rule violations. By regulation, the managing official of a correctional facility must maintain a written policy and procedure governing the placement, removal, supervision, and rights of an inmate assigned to administrative segregation, disciplinary detention, medical isolation, and protective custody status.

DPSCS and the Vera Institute of Justice signed agreements in fall 2010 for an assessment and review of DPSCS's use of segregation. The project's charge was to assess DPSCS's segregation policies and practices; analyze its use of administrative segregation, disciplinary segregation, and protective custody segregation; identify mental health and programming issues related to segregation; and make recommendations for handling and reducing its administrative and disciplinary segregation populations.

Senate Bill 946*/*House Bill 1180 (both passed) require DPSCS, by December 31 of each year, to submit specified information relating to inmates in restrictive housing to GOCCP and the General Assembly. GOCCP must make the information available on its website. "Restrictive housing" means a form of physical separation in which the inmate is placed in a locked room or cell for approximately 22 hours or more out of a 24-hour period, including administrative segregation and disciplinary segregation.

The information required to be reported by DPSCS includes:

- the number of inmates who have been placed in restrictive housing during the preceding year by age, race, gender, classification of housing, and basis for the inmate's placement in restrictive housing;
- the department's definition of "serious mental illness" and the number of inmates with serious mental illness that were placed in restrictive housing during the preceding year;
- the number of inmates known to be pregnant when placed in restrictive housing during the preceding year;
- the average and median lengths of stay in restrictive housing of the inmates placed in restrictive housing during the preceding year; and

- the number of incidents of death, self-harm, and attempts at self-harm by inmates in restrictive housing during the preceding year.

Miscellaneous

Licensed Explosive Manufacturer or Dealer

House Bill 822 (passed) alters references to the term "mentally defective" individual to "substantially cognitively impaired" individual in provisions of law concerning second-degree rape, second-degree sexual offense, third-degree sexual offense, and the licensing of individuals to engage in business as an explosives manufacturer or dealer, or to possess explosives for specified purposes.

Military Department

Trial by summary court-martial provides a procedure for resolution of charges of relatively minor misconduct committed by enlisted members of the military. A conviction by a summary court-martial may not constitute a conviction for the purpose of any disqualification or disability imposed by law because of conviction of a crime. ***Senate Bill 107 (Ch. 47)*** authorizes a summary court-martial to impose a sentence of confinement for a period not to exceed 30 days for service members of all ranks.

Part F
Courts and Civil Proceedings

Judges and Court Administration

Mandatory Age of Retirement for Judges

Article IV, § 3 of the Maryland Constitution requires all circuit, District, and appellate court judges to retire at age 70. ***Senate Bill 502 (failed)***, as amended by the Senate, would have proposed a constitutional amendment to raise the mandatory retirement age for judges from age 70 to 73.

Selection and Tenure of Circuit Court Judges

Judges of the circuit courts are elected at the general election by the qualified voters of the respective county or Baltimore City in which the circuit court sits. This is a "contested" election, in which any challenger who meets the constitutional requirements may run. Each judge holds the office for 15 years from the time of election, and until either the judge's successor is elected and qualified, or the judge turns 70 years old, whichever occurs first.

On the occurrence of any vacancy in a circuit court judgeship, the Governor must appoint a replacement, who holds the office until the election and qualification of a successor. The successor must be elected, if the vacancy occurs due to the expiration of a 15-year term, at the first general election following the expiration of the term, or, if the vacancy occurs otherwise, at the next general election that occurs after one year following the occurrence of the vacancy.

Since the 1960s, there have been periodic attempts to eliminate contested elections for circuit court judges. A series of proposed constitutional amendments introduced during the 2016 session would have altered the method of selection and tenure of circuit court judges in Maryland. ***House Bill 223 (failed)*** would have provided for the selection of circuit court judges by gubernatorial appointment, subject to confirmation by the Senate. The continuance in office of a circuit court judge confirmed by the Senate by a vote of less than 80% of all members would have been subject to approval or rejection via a contested election at the next general election following the expiration of one year from the date the judge took office. ***House Bill 224 (failed)*** would have required a vacancy on a circuit court to be filled in the same manner as a vacancy on the Court of Appeals or Court of Special Appeals, *i.e.*, by gubernatorial appointment subject to confirmation by the Senate. Once appointed, a circuit court judge would have faced a retention election by the voters at the next general election occurring more than one year after the occurrence of the vacancy. ***House Bill 388 (failed)*** would have established the same method of selection and retention as ***House Bill 224*** but also would have shortened the term of office for circuit court judges from 15 to 10 years. ***Senate Bill 179*/*House Bill 488 (both failed)*** would have required that circuit court judges be selected and retained in the same manner as District Court judges. Under these bills, a circuit court judge would be appointed by the Governor and subject to confirmation by the Senate. At the expiration of a 10-year term, the Governor would be required to reappoint the judge. The bills also would have required that, should the Governor appoint a commission or body to recommend judicial nominees, the commission or body would have to reflect the demographic diversity of the State or the judicial circuit for which the commission or body was proposing nominees.

Additional Judgeships

At the suggestion of the Legislative Policy Committee, in January 1979, the Chief Judge of the Court of Appeals began an annual procedure of formally certifying to the General Assembly the need for additional judges in the State. The annual certification is prepared based upon a statistical analysis of the workload of the courts and the comments of the circuit court administrative judges and the Chief Judge of the District Court. Since fiscal 2002, the Judiciary has implemented a weighted caseload methodology to assist in determining judgeship needs. This methodology weights cases to account for the varying degrees of complexity associated with particular case types and the amount of judicial time required to process the workload. Although the weighted caseload methodology consistently supported the need for new judges, the number of judgeships remained constant for a number of years after 2005, with the only exception being four new circuit court judgeships added in 2009.

In fall 2011, the certification of judgeships for fiscal 2013 was submitted. Citing the economic climate, no new judgeships were requested despite having certified a need for an additional 21 circuit court and 19 District Court judges. The 2012 *Joint Chairmen's Report* directed the Judiciary to develop a multi-year plan to request new judgeships so that workloads could be addressed gradually without a significant impact on State expenditures. In fall 2012, the Judiciary submitted this plan along with the fiscal 2014 certification of judgeships. In the new certification, the Judiciary certified a need for 38 trial court judges (21 circuit court judges and 17 District Court judges). The fiscal 2014 certification also certified a need for four additional appellate judges for the Court of Special Appeals. Pursuant to the Judiciary's multi-year plan, Chapter 34 of 2013 created two new judgeships in the Court of Special Appeals and added one additional circuit court judgeship each in Calvert, Carroll, Cecil, Frederick, and Wicomico counties. Chapter 34 also created one additional District Court judgeship in Baltimore City and Charles, Montgomery, and Prince George's counties.

The fiscal 2015 certification of judgeships, submitted in the fall of 2013, included an updated analysis of the multi-year plan. Senate Bill 167/House Bill 1200 of 2014 would have generally implemented the Judiciary's plan for the 2014 session. The bills also would have added an additional circuit court judgeship in Anne Arundel County, which was not part of the Judiciary's development plan as outlined in the certification report. However, neither of the bills passed. Legislation was reintroduced in the 2015 session (Senate Bill 332/House Bill 111) to add the additional judgeships (absent the judgeship in Anne Arundel County); however, neither of those bills passed.

House Bill 74 (Ch. 91) increases the number of resident judges of the circuit courts by adding one additional judgeship each in Anne Arundel, Charles, Frederick, Harford, and Prince George's counties. It adds two judgeships each in Baltimore City and Baltimore and Montgomery counties. The Act also creates one additional District Court judgeship in District 5 (Prince George's County) and District 6 (Montgomery County).

Civil Actions and Procedures

Structured Settlements

Background

Under a traditional settlement agreement, the claimant in a personal injury or workers' compensation action receives a single, lump sum payment in settlement of his or her claim. Under a structured settlement agreement, the claimant (or "payee") instead agrees to receive multiple, smaller payments – typically paid out over the course of many years. Structured settlements have several benefits from a public policy perspective. First, they promote the long-term financial stability of the payee by providing a steady stream of income that can be used to pay future expenses arising from the payee's injury or disability. Second, they minimize the risk that the payee will squander his or her award and become reliant on public assistance. In support of these objectives, federal law encourages the use of structured settlement agreements by granting special treatment to structured settlement payments under the tax code.

Since 1975, insurance companies have committed an estimated $350 billion to structured settlements. This has given rise to a secondary market for structured settlement payments. In some cases, a payee may choose to transfer the rights to receive future payments under a structured settlement agreement in exchange for an immediate, discounted, cash payment. This is called a "factoring transaction," and the companies that specialize in these transfers are known as "factoring companies."

Maryland's structured settlement protection law, codified in §§ 5-1101 through 5-1105 of the Courts Article, was enacted in 2000. The law prohibits the direct or indirect transfer of structured settlement payment rights, unless the transfer is authorized in an order of a court based on specified findings. One of the primary criticisms of Maryland's structured settlement protection law is that it is vulnerable to inconsistent application. While the law requires a court to determine whether a transfer is "necessary, reasonable, or appropriate," it provides no clear guidance on how the court should reach that determination. As a result, judges are left to apply their own, necessarily subjective, criteria to each factoring transaction. Another issue is presented by the law's jurisdictional provisions, which allow petitions to transfer structured settlements to be brought in any county with jurisdiction over an "interested party." Critics have alleged that the law allows factoring companies to "forum shop" for a judge more amenable to their position, usually in a jurisdiction other than the jurisdiction where the payee resides.

Regulation of Structured Settlement Transfers

Senate Bill 734*/*House Bill 535 (both passed) make several changes to the procedures for filing and approving an application for a transfer of structured settlement payment rights, including establishing a registration program for transferees under the Office of the Attorney General. The bill also authorizes the Attorney General to adopt regulations to carry out the purposes of Maryland's structured settlement protection law. The bills redefine "structured settlement payment rights" as the rights to receive periodic payments, including lump-sum payments under a structured settlement, whether from the settlement obligor or the annuity issuer, if (1) the payee resides in this State; (2) the structured settlement agreement was approved by a court or responsible administrative authority in this State, and the payee does not reside in another state or jurisdiction that has enacted a statute providing for entry of a qualified order as defined under 26 U.S.C. § 5891(b)(2); or (3) the settled claim was pending before a court of this State when the parties entered into the structured settlement agreement and the payee does not reside in another state or jurisdiction that has enacted a statute providing for entry of a qualified order as defined under 26 U.S.C. § 5891(b)(2).

A petition for a transfer of structured settlement payment rights must be filed in the circuit court for the county where the payee resides, if the payee resides in the State. If the payee does not reside in the State, the petition must be filed in the circuit court that approved the structured settlement agreement or the circuit court in which the settled claim was pending when the parties entered into the structured settlement agreement, if the structured settlement agreement was not court approved.

Authorization of Transfers

The bills prohibit the direct or indirect transfer of structured settlement rights, unless the transfer is authorized in a court order based on express findings that:

- the transfer is necessary, reasonable, and appropriate and in the best interest of the payee, taking into account the welfare and support of the payee's dependents;
- the financial terms of the transfer agreement are fair to all parties, taking into account the difference between the amount payable to the payee and the discounted present value of the payments to be transferred and the discount rate applicable to the transfer;
- the payee received independent professional advice concerning the proposed transfer; and
- at least 10 days before the date on which the payee signed the transfer agreement, the transferee provided to the payee a separate disclosure statement that includes specified

information, including (1) the amounts and due dates of the structured settlement payments to be transferred; (2) the aggregate amount of the payments to be transferred; (3) the discounted present value of the payments to be transferred; (4) the amount payable to the payee in exchange for the payments to be transferred; (5) specified information about various fees, costs, and charges; (6) the net amount payable to the payee after deduction of specified costs, expenses, and charges; (7) the discount rate applicable to the transfer; (8) the amount of any penalty or liquidated damages payable by the payee in the event of any breach of the transfer agreement by the payee; and (9) a statement that the payee has the right to cancel the transfer agreement, without penalty or further obligation, at any time before the transfer is authorized by a court.

If a structured settlement obligor imposes fees and charges totaling more than $350 in connection with a transfer, the obligor must submit a statement to the payee and the transferee identifying specified information regarding each person who performed work on the transfer, the time spent on the work, and a reasonable hourly fee for the work.

Proposed Transfers Involving Cognitive Injuries

If, in any proposed transfer of structured settlement payment rights, the structured settlement was established in resolution of a tort claim seeking compensation for cognitive injuries, including any claim arising from childhood exposure to lead paint, the transferee must (1) notify the court in its petition that the payee may be cognitively impaired; (2) attach to the petition a copy of any complaint that was pending when the structured settlement was established; and (3) identify any allegations or statements in the complaint that describe the nature, extent, or consequences of the payee’s cognitive injuries.

When determining whether to authorize these structured settlement payment rights transfers, the court must consider whether to appoint a guardian *ad litem* for the payee or to require the payee to be examined by an independent mental health specialist designated by the court. The transferee is responsible for the payment of any fees of these guardians *ad litem* or independent mental health specialists.

Registration of Transferees and Penalties

The bills prohibit a person from filing a petition for a transfer of structured settlement payment rights unless the person is registered with the Attorney General as a structured settlement transferee or has a pending application for registration, and the Attorney General has not acted on the application within specified timelines.

An applicant for registration as a structured settlement transferee must submit an application containing specified information to the Attorney General under oath and pay a $2,000 registration fee, of which $1,500 is refundable if the Attorney General denies the application. All registration fees collected must be used to administer the registration program.

The Attorney General may suspend or revoke the registration of a structured settlement transferee or deny an application for registration if the Attorney General finds that the transferee or other specified individuals (1) engaged in specified prohibited practices/activities; (2) have been convicted of a crime involving dishonesty, deception, or moral turpitude; (3) have been found by a court of competent jurisdiction or a government agency to have committed fraud, engaged in unfair trade practices, or committed any other civil wrong or regulatory violation involving dishonesty or deception; or (4) otherwise failed to comply with the bills' provisions.

In addition to, or instead of, denying an application for registration, or suspending or revoking a registration, the Attorney General may impose a civil penalty for each violation of specified provisions. The maximum penalties are $1,000 for a first violation and $5,000 for each subsequent violation. The Attorney General must consider specified factors when determining what type of action to take or the amount of any civil penalty to be imposed. The bill also specifies notice and hearing requirements. Any party aggrieved by a decision and order of the Attorney General under specified provisions may petition for judicial review.

Restrictions on Consumer Debt Collection

Collection law firms have turned to specialized computer software that automatically produces collection letters, summonses, and lawsuits using the information contained in electronic databases. Once a lawsuit has been filed and a debt collector receives a judgment in litigation, the party can utilize wage and property garnishment mechanisms to collect on the judgment. Although debt collection lawsuits are legal when conducted in accordance with State and federal law, the huge volume of lawsuits filed that are based on limited details of the alleged debts can ultimately lead to mistakes and abuses of the court system.

Senate Bill 771 (passed) prohibits a creditor or a collector from initiating a consumer debt collection action after the expiration of the statute of limitations applicable to the action. Notwithstanding any other provision of law, on the expiration of the statute of limitations applicable to the consumer debt collection action, any subsequent payment toward, written or oral affirmation of, or any other activity on the debt may not revive or extend the limitations period.

A debt buyer or a collector acting on behalf of a debt buyer may not initiate a consumer debt collection action unless the debt buyer or collector possesses specified documents pertaining to proof of the existence of the debt or account, proof of terms and conditions of the debt, proof of the plaintiff's ownership of the consumer debt, identification and nature of the debt or account, evidence of entitlement to damages under a future services contract, account charge-off information, information relating to debts and accounts not charged off, and collection agency licensing information for the plaintiff. The documents specified in the bill are the same as those required under Maryland Rule 3-306 for judgments on affidavits.

Unless the action is resolved by judgment on affidavit, in a consumer debt collection action brought by a debt buyer or a collector acting on behalf of a debt buyer, including a small claims action in the District Court, a court may not enter a judgment in favor of a debt buyer or a collector unless the debt buyer or collector introduces into evidence the documents referenced above in accordance with specified rules of evidence. This requirement applies in addition to any other requirement of law or rule.

Civil Actions Involving State and Local Governments

Tort Claims Against State Government

In general, the State is immune from tort liability for the acts of its employees and cannot be sued in tort without its consent. Under the Maryland Tort Claims Act (MTCA), the State statutorily waives its own common law (sovereign) immunity on a limited basis. The MTCA applies to tortious acts or omissions, including State constitutional torts, by "State personnel" performed in the course of their official duties, so long as the acts or omissions are made without malice or gross negligence. Under the MTCA, the State essentially "…waives sovereign or governmental immunity and substitutes the liability of the State for the liability of the state employee committing the tort." *Lee v. Cline*, 384 Md. 245, 262 (2004).

However, the MTCA limits State liability to $400,000 to a single claimant for injuries arising from a single incident.

The MTCA also contains specific notice and procedural requirements. A claimant is prohibited from instituting an action under the MTCA unless (1) the claimant submits a written claim to the State Treasurer or the Treasurer's designee within one year after the injury to person or property that is the basis of the claim; (2) the State Treasurer/designee denies the claim finally; and (3) the action is filed within three years after the cause of action arises.

House Bill 636 (passed) provides an exception to the notice requirements under specified circumstances. ***House Bill 636*** establishes that the requirement to submit a written claim within one year after the injury does not apply if, within one year after the injury to person or property that is the basis of the claim, the State has actual or constructive notice of (1) the claimant's injury; or (2) the defect or circumstances giving rise to the claimant's injury.

Tort Claims Against Local Governments

The Local Government Tort Claims Act (LGTCA) is the local government counterpart to the MTCA. The LGTCA limits the liability of a local government to $400,000 per individual claim and $800,000 per total claims that arise from the same occurrence for damages from tortious acts or omissions (including intentional and constitutional torts). It further establishes that the local government is liable for tortious acts or omissions of its employees acting within the scope of employment. Thus, the LGTCA prevents local governments from asserting a common law claim of governmental immunity from liability for such acts of its employees.

The LGTCA also specifies that an action for unliquidated damages may not be brought unless notice of the claim is given within one year after the injury. The notice must be in writing and must state the time, place, and cause of the injury. Similar to ***House Bill 636***, ***House Bill 637 (passed)*** also provides an exception to the notice requirements for claimants against local governments under specified circumstances. ***House Bill 637*** establishes that the requirement to submit a written claim within one year after the injury does not apply if, within one year after the injury to person or property that is the basis of the claim, the defendant local government has actual or constructive notice of (1) the claimant's injury; or (2) the defect or circumstances giving rise to the claimant's injury.

Notice Requirements Affecting Claimants Under Legal Disability

In general, a person must file a civil cause of action within three years after the cause of action accrues. However, a civil cause of action with a plaintiff who is a minor or who is mentally incompetent must be filed within the lesser of three years or the applicable period of limitations after the disability is removed. Thus, a plaintiff who was a minor at the time the statute of limitations began to accrue must file his/her cause of action before reaching age 21.

Senate Bill 356 (failed) would have established that, with respect to a cause of action under the LGTCA which accrues in favor of a minor or mental incompetent, the claimant must bring his/her cause of action within three years after the disability is removed and is exempt from the notice requirement under the LGTCA. With respect to a cause of action that accrues in favor of a minor or mental incompetent under the MTCA, the claimant must file his/her action within three years after the disability is removed, and is not required to submit a written claim under the MTCA.

Regional Development Councils

The LGTCA defines local government to include counties, municipal corporations, Baltimore City, and various agencies and authorities of local governments such as community colleges, county public libraries, special taxing districts, nonprofit community service corporations, sanitary districts, housing authorities, and commercial district management authorities.

Senate Bill 1097 (passed) limits the liability of a "regional development council" by expanding the definition of "local government" for purposes of the LGTCA to include a regional development council. The bill defines a "regional development council" as a regional or municipal council established under Title 13 of the Economic Development Article. A regional development council includes the Baltimore Metropolitan Council (which was already included in the LGTCA's definition of local government), the Mid-Shore Regional Council, the Upper Shore Regional Council, the Tri-County Council for the Lower Eastern Shore of Maryland, the Tri-County Council for Southern Maryland, and the Tri-County Council for Western Maryland. The bill also repeals provisions of existing law granting the Tri-County Council of Southern Maryland and the Tri-County Council of Western Maryland immunity from being sued.

County Boards of Education

Each county board of education must carry comprehensive liability insurance to protect the board and its agents and employees. The State Board of Education must establish standards for these insurance policies, including a minimum liability coverage of not less than $100,000 for each occurrence. ***Senate Bill 575 (passed)*** increases the liability limit on a county board of education and the minimum amount of liability coverage a county board of education must maintain from $100,000 to $400,000. The bill also makes a corresponding change to the State Board of

Education's existing statutory requirement to establish standards for these comprehensive liability insurance policies.

Evidence and Nondisclosure of Information

According to the Governor's Office of Crime Control and Prevention (GOCCP), in certain types of cases, it is crucial that the victim be able to testify, since the victim is the only witness (other than the defendant) to the events. However, if the victim has a prior conviction for perjury, then the victim is prohibited from testifying. GOCCP reports that there is no other statutory ban on an individual testifying due to a prior criminal conviction. ***Senate Bill 150*/*House Bill 237 (both passed)*** repeal the prohibition on convicted perjurers testifying in court proceedings and requires that evidence that a person has been convicted of perjury be admitted for the purpose of attacking the credibility of the witness, regardless of the date of the conviction, if the evidence is elicited from the witness or established by public record during examination of the witness.

Senate Bill 354 (passed) authorizes an individual to file a motion with a court requesting that the court records related to a petition for emergency evaluation be sealed if the individual was a minor at the time the petition was made or sought. The court may seal the records under specified circumstances. For more information about this bill, see the subpart "Public Health" within Part J – Health and Human Services of this *90 Day Report.*

Civil Remedies – Shoplifting and Employee Theft

The statutory authority of a merchant to collect damages for alleged shoplifting and employee theft is independent of the criminal justice process. According to news reports, some retailers, particularly larger retailers, are exercising this authority by escorting alleged shoplifters and employees accused of theft to back rooms and handing demand letters to them prior to the arrival of law enforcement, even if the merchandise is returned to the merchant. In some instances, alleged shoplifters may have been wrongfully accused and are never charged with a crime but still receive demand letters from law firms and collection firms employed by retailers to collect these damages.

Senate Bill 508*/*House Bill 190 (both passed) make a number of changes to the process for collecting damages sustained by a merchant as a result of an alleged act of shoplifting or employee theft.

Among other things, the bills (1) repeal the requirement that a "responsible person" is civilly liable to a merchant for civil penalties (2) alter the requirements for demand letters pertaining to alleged acts of shoplifting and employee theft; (3) require demand letters to be prepared by a lawyer admitted to practice law in the State; (4) require that a demand letter that is mailed must be sent by certified mail, return receipt requested; (5) require a merchant who pursues a civil action after a second demand letter to submit proof to the court that the merchant complied with all requirements concerning demand letters; (6) establish that a "responsible person" is entitled to an award of court costs and reasonable attorney's fees, regardless of the merchant's ability to pay, if the responsible person prevails in a civil suit for damages arising from an alleged act of shoplifting or employee theft; (7) require a court to reduce the amount of any restitution awarded in a criminal proceeding regarding an act for which a responsible person has paid damages by the amount of damages paid; and (8) prohibit a person from engaging in certain threatening or harassing behavior while attempting to recover damages arising from an alleged act of shoplifting or employee theft.

The bills also establish reporting requirements for a merchant who seeks damages due to alleged shoplifting or employee theft during the preceding calendar year. The merchant must submit a letter to the Department of Labor, Licensing, and Regulation that includes information on the number of (1) alleged shoplifting or employee theft incidents; (2) demand letters issued and the amount of money received in response to the letters; and (3) criminal prosecutions sought by the merchant and their final dispositions. The reporting requirement terminates on September 30, 2019.

Damages, Costs, and Attorney's Fees

Agreements to Defend or Pay Costs of Defense

At common law, a contract can be unenforceable if it has an illegal purpose, is contrary to public policy, or is unconscionable, among other reasons. In general, contracts or agreements relating to architectural, engineering, inspecting, or surveying services or the construction, alteration, repair, or maintenance of property that indemnify the promisee against property damage or bodily injury caused by or resulting from the sole negligence of the promisee or indemnitee (or their agents or employees) are against public policy and are void and unenforceable. The prohibition also applies to promises, agreements, or understandings connected to these contracts or agreements. Moving, demolition, and excavation services are among the service contracts to which the prohibition applies.

Senate Bill 234/House Bill 871 (both passed) render void and unenforceable as a matter of public policy under State law, certain agreements to defend or pay the costs of defending specified promisees or indemnitees against liability for damages arising out of bodily injury to any person or damage to property caused by or resulting from the sole negligence of the promisee or the indemnitee, or their agents or employees. The bills apply to agreements relating to architectural, engineering, inspecting, or surveying services or the construction, alteration, repair, or maintenance of property.

Liability of Disability Insurer

With respect to first-party property and casualty claims, a consumer who proves that the person's insurer did not act in good faith may recover expenses and litigation costs, including reasonable attorney's fees not exceeding one-third of the actual damages recovered, in addition to actual damages, plus interest. ***House Bill 990 (passed)*** adds disability insurers to statutory provisions under § 3-1701 of the Courts and Judicial Proceedings Article authorizing the recovery of actual damages, expenses, litigation costs, and interest in first-party claims against insurers if the insurer failed to act in good faith under certain circumstances. The bill applies to first-party claims made under individual "disability insurance" policies. The bill defines "disability insurance" as insurance that provides for lost income, revenue, or proceeds in the event that an illness, accident, or injury results in a disability that impairs an insured's ability to work or otherwise generate income, revenue, or proceeds that the insurance is intended to replace. "Disability insurance" does not include payment for medical expenses, dismemberment, or accidental death.

Punitive Damages – Drunk Driving

In addition to any liability for actual damages, ***Senate Bill 302*/*House Bill 864 (both failed)*** would have authorized an award of punitive damages against a person who causes personal injury or wrongful death while committing an alcohol-related driving offense if the injury or death was caused by a person who is a repeat offender (within the past 10 years) and the person meets one of two other sets of criteria:

- the person was operating or attempting to operate a noncommercial motor vehicle with an alcohol concentration of 0.15 or more; or
- the person (1) is detained by a police officer who has reasonable grounds to believe the person has been operating or attempting to operate *either* a noncommercial motor vehicle while under the influence of alcohol or impaired by alcohol *or* a commercial motor vehicle with any alcohol concentration in the person's blood or breath and (2) refuses to submit to a test to determine alcohol concentration.

Peace Orders

Senate Bill 346*/*House Bill 314 (both passed) expand the applicability of peace orders by adding specified offenses to the list of offenses for which an individual may seek relief under provisions of law regarding peace orders. The offenses added are (1) "misuse of telephone facilities and equipment"; (2) "misuse of electronic communication or interactive computer service"; (3) "revenge porn"; and (4) "visual surveillance." For a more detailed discussion of these bills, see the subpart "Family Law" within this part of this *90 Day Report*.

Actions to Quiet Title

Senate Bill 509*/*House Bill 920 (both passed) establish rules of practice and procedure for actions to "quiet" title (that is, to determine the validity of adverse claims or other clouds on title) to real property and require an action to quiet title under existing law to be maintained in accordance with the bills' provisions. For more information about these bills, see the subpart "Real Property" within this part of this *90 Day Report.*

Family Law

Divorce

Under current law, a court may not enter a decree of divorce on the uncorroborated testimony of the person who is seeking the divorce. ***Senate Bill 359*/*House Bill 274 (both passed)*** repeal this provision, thereby allowing a court to enter a decree of divorce on the uncorroborated testimony of the party seeking the divorce.

Custody

In any custody or visitation proceeding, a disability of a party is relevant only to the extent that the court finds, based on evidence in the record, that the disability affects the best interest of the child. ***Senate Bill 765 (passed)*** establishes that in custody and visitation proceedings, the party alleging that the disability of the other party affects the best interest of the child bears the burden of proof. If the burden of proof is met, the party who has a disability must have an opportunity to prove that "supportive parenting services" would prevent a finding that the disability affects the best interest of the child. Supportive parenting services mean services that may assist an individual with a disability in the effective use of techniques and methods to enable the individual to discharge the individual's responsibilities to a child as successfully as an individual who does not have a disability, including nonvisual techniques for individuals who are blind. If the court finds that a party's disability affects the child's best interest and denies or limits custody or visitation, the court must specifically state in writing the basis for the finding and its reasoning regarding supportive parenting services, as specified.

The bill also alters the definition of "disability" in provisions of law regarding Child in Need of Assistance, guardianship, adoption, custody, and visitation proceedings in accordance with the Americans with Disabilities Act (ADA) Amendments Act of 2008. Pursuant to the bill, disability means (1) a physical or mental impairment that substantially limits one or more of an individual's major life activities; (2) a record of having a physical or mental impairment that substantially limits one or more of an individual's major life activities; or (3) being regarded as having a physical or mental impairment that substantially limits one or more of an individual's major life activities. In addition, disability must be construed in accordance with the ADA Amendments Act of 2008. The ADA Amendments Act of 2008 sets forth rules of construction regarding disabilities, including provisions stating that (1) the definition of disability must be construed in favor of broad coverage; (2) an impairment that substantially limits one major life activity need not limit other major life activities in order to be considered a disability; and (3) an impairment that is episodic or in remission is a disability if it would substantially limit a major life activity when active.

Child Support

The Child Support Enforcement Administration (CSEA), within the Department of Human Resources (DHR), administers and monitors child support services provided by the local departments of social services and other offices, provides technical assistance, formulates policy, develops and implements new programs, and ensures compliance with regulations and policy.

House Bill 1502 (passed) requires CSEA to develop and implement a Noncustodial Parent Employment Assistance Pilot Program in Baltimore City in cooperation with specified entities. The program's purpose is to provide eligible unemployed or underemployed noncustodial parents assistance in obtaining employment that will enable the noncustodial parents to achieve economic self-sufficiency and meet their child support obligations. To be eligible to participate in the program, an individual must be (1) a noncustodial parent of a child who is receiving services in Baltimore City under federal law provisions; (2) unable to meet a child support obligation due to the noncustodial parent's unemployment or underemployment; (3) able to work; and (4) subject to the jurisdiction of the Circuit Court for Baltimore City. For a noncustodial parent who chooses to participate, the program must include numerous items, including employment assistance services, referrals to other appropriate support services, intensive case management, and strict enforcement procedures for noncompliance with program requirements, including contempt of court proceedings. The Secretary of Human Resources must conduct an evaluation of the program by December 31 annually, and must report to the General Assembly on the effectiveness of the program based on the evaluation. The program terminates September 31, 2019.

Children in Out-of-home Care

Another Planned Permanent Living Arrangement

When developing a permanency plan for a child in an out-of-home placement, the local department of social services must give primary consideration to the best interests of the child. To the extent consistent with the best interests of the child, the local department must consider the following permanency plans, in descending order of priority: (1) returning the child to the child's parent or guardian, unless the local department is the guardian; (2) placing the child with relatives to whom adoption, custody, and guardianship or care and custody, in descending order of priority, are planned to be granted; (3) adoption, as specified; or (4) another planned permanent living arrangement that addresses the individualized needs of the child, including the child's educational plan, emotional stability, physical placement, and socialization needs and includes goals that promote the continuity of relations with individuals who will fill a lasting and significant role in the child's life.

At a hearing to determine the permanency plan for a child or at a guardianship review hearing, the juvenile court must determine the child's permanency plan based on statutory factors. Pursuant to statutory provisions regarding the order of priority, the juvenile court may consider another planned permanent living arrangement that meets the requirements set forth above.

Senate Bill 360*/*House Bill 192 (both passed) establish that a child's permanency plan may be another planned permanent living arrangement that meets specified requirements only if the child is at least age 16. The bills are intended to bring the State into compliance with the federal Preventing Sex Trafficking and Strengthening Families Act of 2014, which prohibits the use of another planned permanent living arrangement for a child younger than age 16.

Transition Planning

The federal Preventing Sex Trafficking and Strengthening Families Act of 2014 also requires, in part, for all state Title IV-E foster care programs to determine at permanency hearings the necessary services to help youth in foster care make the transition to successful adulthood beginning at age 14. DHR advises that it received notice in August 2015 that it was being placed on a performance improvement plan until State law is amended to alter the age at which these assessments are made from age 16 to age 14.

Senate Bill 77 (passed) alters, from age 16 to at least age 14, the age at which a juvenile court at a permanency planning hearing must determine the services needed to assist the child to transition from placement to successful adulthood. The bill also requires a juvenile court, at each guardianship review hearing for a child of at least age 14, to determine the services needed to assist the child to make the transition from placement to successful adulthood. The bill replaces former references to "independent living" with "successful adulthood." The department is required to adopt regulations to define the term successful adulthood in accordance with federal law.

Child Abuse and Neglect

Failure to Report

Health care practitioners, police officers, educators, and human service workers who are acting in a professional capacity and who have reason to believe that a child has been subjected to abuse or neglect, must notify the local department of social services or the appropriate law enforcement agency. An "educator or human service worker" includes any teacher, counselor, social worker, caseworker, and parole or probation officer. If the worker is acting as a staff member of a hospital, public health agency, child care institution, juvenile detention center, school, or similar institution, then the individual must notify the head of the institution or the designee. State law does not criminalize the failure of a worker to report suspected abuse or neglect. The licensing boards for some workers who are mandated to report child abuse and neglect, including nurses, doctors, and social workers, are authorized to discipline workers for failing to report.

Senate Bill 310/House Bill 245 (both passed) require that if an agency is participating in a child abuse or neglect investigation and has substantial grounds to believe that a health care practitioner, police officer, educator, or human service worker has knowingly failed to make a required report of suspected abuse or neglect, the agency must file a complaint with the worker's licensing board; law enforcement agency; county board of education; or other agency, institution, or licensed facility, as appropriate, at which the worker is employed.

Expungement of Child Abuse and Neglect Records

After receiving a report of suspected abuse or neglect of a child who lives in Maryland that is alleged to have occurred in the State, the local department of social services and/or the appropriate law enforcement agency must promptly investigate the report to protect the health, safety, and welfare of the child or children. If the investigation results in a determination that the report of child abuse or neglect is "ruled out" (a finding that abuse, neglect, or sexual abuse did not occur), and no further reports are received during the next 120 days, the local department must expunge the report and all assessments and investigative findings within 120 days after the date of referral. ***Senate Bill 31 (passed)*** alters the time period, from 120 days to 2 years, within which a local department of social services is required to expunge a ruled out report of suspected abuse or neglect and all associated assessments and investigative findings. The bill also authorizes the local department, on good cause shown, to immediately expunge ruled out child abuse and neglect reports and records.

Domestic Violence

Notification of Service of Orders

Pursuant to Chapter 711 of 2009, the Department of Public Safety and Correctional Services (DPSCS) was required to develop an electronic notification system for law enforcement officers serving interim and temporary protective orders to notify DPSCS of service within specified time limits. If the petitioner has requested notification, DPSCS must notify the petitioner of the service within specified time limits. Chapter 711, originally set to terminate on December 31, 2011, was extended for an additional two years (until December 31, 2013) by Chapter 103 of 2011. Chapter 79 of 2013 extended the termination date for an additional three years to December 31, 2016. ***House Bill 534 (passed)*** repeals the termination date, thereby establishing a permanent notification process.

Peace Orders

A person who does not meet specified relationship status under the Family Law Article, which governs protective orders, may file a petition for a peace order to protect the person from further harm from another. A petition for a peace order must allege that specified acts occurred against the petitioner by the respondent within 30 days before the filing of the petition. Specified acts include (1) an act that causes serious bodily harm; (2) an act that places the petitioner in fear of imminent serious bodily harm; (3) assault in any degree; (4) rape or sexual offense, as specified or attempted rape or sexual offense in any degree; (5) false imprisonment; (6) harassment; (7) stalking; (8) trespassing; or (9) malicious destruction of property. ***Senate Bill 346/ House Bill 314 (both passed)*** add the crimes of revenge porn and visual surveillance, and crimes involving the misuse of telephone facilities and equipment, electronic communications, and interactive computer service to the list of offenses for which an individual may seek a peace order.

Neshante and Chloe Davis Domestic Violence Prevention Task Force

Neshante Davis and her two-year old daughter, Chloe Davis-Green, were killed outside of their home in Prince George's County on February 2, 2016, by Chloe's father, who has been charged with the murders. ***Senate Bill 1143 (passed)*** establishes the Neshante and Chloe Davis Domestic Violence Prevention Task Force, which is required to study various aspects of domestic violence, including (1) the effectiveness of current intervention strategies; (2) existing legal, behavioral health, and family support policies, procedures, and practices; (3) ways to further engage and educate community stakeholders; and (4) the ways individuals, families, and the community at large can better identify, report, and defend against domestic violence. The task force must also develop policy recommendations to improve the ability of State and local government, community stakeholders, families, and individuals to identify and prevent domestic violence in Maryland. By September 1, 2016, the task force must report its preliminary findings to the Governor and the General Assembly. By December 1, 2016, the task force must report its findings and recommendations to the Governor and the General Assembly.

Stalking

Senate Bill 278*/*House Bill 155 (both passed) expand the definition of "stalking" under the State's stalking statute to include a malicious course of conduct that includes approaching or pursuing another person where the person intends to cause or knows or reasonably should have known that the conduct would cause serious emotional distress to another person. For a further discussion of these bills, see the subpart "Criminal Law" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Parental Rights – Rape Survivor Family Protection Act

Senate Bill 593*/*House Bill 646 (both failed) would have set forth a process by which a court could terminate the parental rights of a respondent if the court finds that the respondent was either convicted of, or finds by clear and convincing evidence that the respondent committed, an act of nonconsensual sexual conduct against the other parent that resulted in the conception of the child at issue and finds by clear and convincing evidence that it is in the best interest of the child to terminate the parental rights of the respondent.

Human Relations

During the 2016 session, there was no significant activity in the area of human relations.

Real Property

Residential Foreclosures

The State's multifaceted approach to the foreclosure crisis has involved legislative reforms of mortgage lending laws and the foreclosure process, extensive consumer outreach efforts, and enhanced mortgage industry regulation and enforcement. During the 2016 session, the General Assembly considered several bills aimed at further addressing the aftermath of the foreclosure crisis – specifically, the many vacant and abandoned properties left in its wake. Although none passed, five of these bills were referred to interim study by the House Environment and Transportation Committee.

House Bill 1377 (failed) would have created an expedited foreclosure process for certain vacant and abandoned properties. ***House Bill 508 (failed)*** would have required a secured party to record the instrument of writing that transfers a residential property bought at a foreclosure sale within a specified time period and would have created a tax incentive for a secured party that recorded the instrument on an expedited basis. ***House Bill 664 (failed)*** and ***House Bill 1171 (failed)*** would have required a secured party to submit a registration containing specified information to the Foreclosed Property Registry maintained by the Department of Labor, Licensing, and Regulation (DLLR) within 30 days after filing an action to foreclose on a residential property. The bills also would have made the secured party responsible for maintaining the property until the foreclosure sale occurred. Finally, ***House Bill 1286 (failed)*** would have expanded the required contents of an initial registration submitted to the Foreclosed Property Registry and would have required DLLR to promptly send an electronic copy of the initial registration to the appropriate official of the county and, on request, to the appropriate official of the municipal corporation where the property is located.

Common Ownership Communities

When a person purchases a single-family home, condominium, or an interest in a cooperative housing corporation, he or she may also be required to join an association of owners, which is intended to act in the common interests of all the homeowners, condominium unit owners, or cooperative owners in the community. Collectively, these associations are often referred to as common ownership communities (COC).

Resales – Disclosures and Fees

A contract for the resale of a unit in a condominium by a unit owner other than the developer is not enforceable unless the owner discloses specified information to the purchaser no later than 15 days prior to closing. The disclosure must include a copy of the governing documents of the condominium, a certificate containing statements about specified financial information of the condominium, and other specified statements and information. Similarly, for the resale of a lot within a development of any size, or the initial sale of a lot in a development containing 12 or fewer lots, the seller must provide the purchaser with specified disclosure documents within 20 days of entering into the contract. The documents must include information regarding past and present monthly fees or assessments, the existence of any delinquent charges against the lot, the contact information of any homeowners association (HOA) management agent, a statement as to the existence of any unsatisfied judgments or pending actions against the HOA or lot, and a copy of the HOA's governing documents.

House Bill 1192 (passed) sets at $250 the maximum fee that a condominium or HOA may charge a unit or lot owner for providing the information that the unit or lot owner must provide to a purchaser on resale of the unit or lot, and authorizes specified maximum fees for expedited delivery of that information. For condominiums, the bill also alters the contents of some of the required disclosures and authorizes a condominium to charge a reasonable fee not to exceed $100 for inspection of a unit prior to resale, if required. Finally, the bill requires the Department of Housing and Community Development to adjust in a specified manner every two years the maximum fee that a condominium or HOA may charge for providing information that a unit or lot owner must provide on resale and maintain a list of the authorized maximum fees on its website.

Tax Sales – Notice of Foreclosure of Right of Redemption

Senate Bill 591*/*House Bill 970 (both passed) require the plaintiff in an action to foreclose the right of redemption on property that is part of an HOA or a condominium association and is sold at a tax sale, to send specified notices to the HOA or condominium association in which the property is located. For a more detailed discussion of this bill, see the subpart "Property Taxes" within Part B – Taxes of this *90 Day Report*.

Registration of Common Ownership Communities

Since registration of the various COCs is not required statewide, the exact number of COCs in Maryland is unknown. ***House Bill 1061 (failed)*** would have established a Common Ownership Community Registry within the State Department of Assessments and Taxation (SDAT) and would have required the governing body of specified COCs to register with SDAT by January 1 of each year.

Actions to Quiet Title

The purpose of an action to quiet title is to determine conflicting claims to real property or remove a cloud on title to property. ***Senate Bill 509*/*House Bill 920 (both passed)*** establish statewide rules of practice and procedure for actions to quiet title, modeled on provisions of the California Code of Civil Procedure. The bills are intended to bring greater uniformity and certainty to quiet title proceedings in Maryland and include provisions concerning the contents of the pleadings; service of a complaint on the defendants; delivery of a copy of the complaint to a holder of a security instrument; the naming of defendants and joinder of other parties; and requirements for a hearing before a court and recordation of a judgement.

Landlord and Tenant

Residential Leases – Security Deposit Receipts

If a landlord requires a residential tenant to pay a security deposit, the landlord must provide the tenant with a receipt that by law must contain specified information about the tenant's rights concerning the security deposit. However, State law generally does not require a security deposit to be paid (and, thus, a receipt to be provided) at the time the lease is signed. As a result, the tenant may not receive the information contained in the receipt for the security deposit until after the lease is signed. ***House Bill 1059 (passed)*** addresses this by requiring, rather than authorizing, a written lease for residential property to include a copy of the receipt for the security deposit.

Conversion of Senior Apartment Facilities

Federal law defines "housing for older persons" as housing that is (1) provided under any state or federal program designed and operated to assist elderly persons; (2) intended for, and solely occupied by, persons age 62 or older; or (3) intended for persons age 55 or older (demonstrated by specified policies and procedures) and complies with federal rules for occupant age verification. ***Senate Bill 241 (passed)*** is aimed at addressing the problems that may arise when the landlord of an apartment facility that meets the definition of "housing for older persons" is authorized by law and opts to lift the age restrictions. The bill requires the landlord to provide each tenant of a "senior apartment facility" a written notice at least 180 days before converting the senior apartment facility into an apartment facility for the general population. The landlord must allow any tenant who requests to move before the conversion date to terminate the lease with at least one month's written notice, and the landlord may not withhold any portion of that tenant's security deposit for rent that would have become due under any remaining term of the lease after termination of the lease.

Resale of Residential Property – Deferred Water and Sewer Charges

Generally, a contract for the initial sale of improved residential real property to a member of the public who intends to occupy or rent the property for residential purposes is required to disclose the estimated cost, as established by the appropriate water and sewer authority, of any deferred water and sewer charges for which the purchaser may become liable. ***House Bill 989 (passed)*** extends similar disclosure requirements to a contract for the resale of certain residential real property.

House Bill 989 requires a contract for the resale of residential real property that is served by public water or wastewater facilities, for which deferred water and sewer charges have been established by a recorded covenant or declaration, to contain a specified notice about the purchaser's obligation to pay the charges. If a violation of the notice requirement is discovered before settlement, the purchaser is entitled to rescind in writing the sales contract without penalty or liability. On rescission, the violation entitles the purchaser to the full return of any deposits made under the sales contract. If the violation is discovered after settlement, the purchaser is entitled to payment, from the seller, for the full amount of any fee or assessment not disclosed during the sale, unless the seller was never charged a fee or assessment by the developer, a successor of the developer, or a subsequent assignee. The bill's notice provisions do not apply in a county that has adopted a substantially similar notice requirement.

Task Force to Study Recording Deeds for Victims of Domestic Violence

The Maryland Safe at Home Address Confidentiality Program (ACP) is administered by the Office of the Secretary of State. The stated goal of ACP is to help victims of domestic violence and human trafficking, who have relocated or are about to relocate, in an effort to keep their perpetrators from finding them. ACP provides a substitute address for victims who have moved, or are about to move, to a new location unknown to their abuser, and provides participants with confidential mail-forwarding service for first-class mail and legal papers. Currently, ACP has procedures for various interactions in the public and private sectors, including the Motor Vehicle Administration, the State Board of Elections, and public schools, but no procedures concerning deed recordation when real property is sold or purchased by an ACP participant.

Senate Bill 1047 (passed) establishes the Task Force to Study Recording Deeds for Victims of Domestic Violence to study and make recommendations regarding how to protect the identity and address of an ACP participant when recording a deed transferring real property. The Secretary of State must serve as the chair of the task force, and the Office of the Secretary of State must provide staff. The bill requires the task force to report its findings and recommendations to the Governor and the General Assembly by December 1, 2017.

Estates and Trusts

Trusts

Senate Bill 571/House Bill 888 (both passed) authorize "interested persons" (persons whose consent would be required in order to achieve a binding settlement were the settlement to be approved by a court) to enter into a binding nonjudicial settlement agreement with respect to specified matters involving a trust, provided the settlement agreement does not violate a material purpose of the trust. The settlement agreement must include terms and conditions that may be properly approved by a court under existing law. An interested person may request a court to determine whether representation by an authorized representative was adequate and whether the agreement contains terms and conditions that a court may properly approve.

Senate Bill 570/House Bill 887 (both passed) expand the categories of persons authorized to represent and bind beneficiaries of a trust with respect to a particular question or dispute to include a grandparent or more remote ancestor of the following individuals provided they are not otherwise represented: (1) a minor; (2) an incapacitated individual; (3) an unborn individual; (4) an unknown individual; or (5) an individual whose location is unknown and not reasonably ascertainable. The bills also allow a minor, an incapacitated or unborn individual, or an individual whose identity is unknown and not reasonably ascertainable, to be represented and bound by a representative with a substantially identical interest in a trust with respect to a particular question or dispute, but only to the extent that the representative has no conflict of interest with the individual being represented with respect to the question or dispute.

Under current law, all provisions in a will relating to a spouse are revoked by an absolute divorce of the testator and the testator's spouse or the annulment of their marriage, unless otherwise specified in the will or decree. ***Senate Bill 451/House Bill 541 (both passed)*** establish that, unless otherwise specified, on the absolute divorce of the settlor and the settlor's spouse or annulment of their marriage (1) the terms of a settlor's trust relating to trust distributions to or for the benefit of the settlor's former spouse are automatically revoked; (2) the settlor's former spouse, if serving as a trustee or an advisor to the trustee of the settlor's trust, must be removed without further court action; and (3) the settlor's former spouse may not serve as a trustee or an advisor to the trustee of the settlor's trust or exercise any trust or fiduciary powers related to the settlor's trust. The bills' provisions apply to all final judgments of divorce or annulment entered into on or after October 1, 2016, unless otherwise specified in the trust instrument, by court order, or by a written agreement between the settlor and the settlor's spouse or former spouse.

Digital Assets

Senate Bill 239*/*House Bill 507 (both passed) establish the Maryland Fiduciary Access to Digital Assets Act. The bills address fiduciaries' access to digital assets by specifying the types of fiduciaries who are permitted access, the rights of fiduciaries, and the procedures for fiduciaries to gain access to digital assets. Under the bills, the custodian of a user's digital assets may provide an online tool, separate from the general terms-of-service agreement, to provide for disclosure or nondisclosure of some or all of the digital assets, including the content of electronic communications, to a third party. If the online tool allows the user to modify or delete a direction at any time, the online tool overrides a contrary direction in a will, trust, power of attorney, or other record. If the user does not use an online tool to give direction or if the custodian fails to provide an online tool, the user may, in a will, trust, power of attorney, or other record, allow or prohibit disclosure to a fiduciary of some or all of the user's digital assets, including the content of electronic communications sent or received by the user. A direction by one of these methods overrides a contrary provision in a terms-of-service agreement, if the terms-of-service agreement does not require the user to act affirmatively and distinctly from the user's assent to the terms of service. The bills do not apply to a digital asset of an employer used by an employee in the ordinary course of the employer's business.

Personal Representatives and Guardians

Senate Bill 853*/*House Bill 960 (both passed) authorize specified guardians and custodians, without a court order, to establish or fund, for the benefit of a minor or disabled person (1) a special needs trust; (2) a pooled assets special needs trust account; or (3) an Achieving a Better Life Experience account as authorized under federal law. If a minor or disabled person is "disabled," as defined under federal law, a guardian of the individual may pay for or apply income or principal from the estate to establish or fund, for the benefit of the minor, one of the specified trusts or accounts. If a minor is disabled, a custodian of the minor's property under the Maryland Uniform Transfers to Minors Act may use all or part of the custodial property to establish or fund, for the benefit of the minor, one of the specified trusts or accounts. The guardian or custodian must meet all other existing requirements specified under current law.

Senate Bill 449*/*House Bill 981 (both passed) require that, when determining the "available income" of a Medicaid recipient who is a disabled person and has a guardian, the Department of Health and Mental Hygiene must include as part of the personal needs allowance guardianship fees payable for guardianship services. For a more detailed discussion of ***Senate Bill 449*/*House Bill 981***, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

Registers of Wills

A register of wills, no sooner than 180 days following the closing of an estate, may return files associated with the estate, other than the probated will, to the personal representative of the estate, if a copy of the files associated with the estate is retained by the register of wills in paper, photographic, microprocessed, magnetic, mechanical, electronic, digital, or any other medium.

House Bill 472 (passed) allows a register of wills to dispose of any files associated with an estate, other than the probated will, after 180 days following the closing of an estate, if a copy of the file is retained in accordance with specified document retention rules. Thus, a register of wills can dispose of original copies of files associated with an estate other than the actual will, in lieu of returning the files to the estate's personal representative. The bill applies retroactively to all estates opened on or after October 1, 2014.

Elective Share

Instead of property left to a surviving spouse by will, a spouse may elect to take a one-third share of the decedent's net estate if there is also a surviving issue (a living lineal descendant), or a one-half share if there is no surviving issue. "Net estate" is defined as the property of the decedent passing by testate succession (by will), without a deduction for State or federal estate or inheritance taxes, and reduced by funeral and administration expenses, family allowances, and enforceable claims and debts against the estate.

Senate Bill 913*/*House Bill 1229 (both failed) would have repealed the current law and established new provisions to authorize a surviving spouse to take a one-half or one-third elective share (depending on whether there is a living lineal descendent of the decedent) of the augmented estate of the decedent reduced by the value of the "spousal benefits" (that is, those assets passing to the surviving spouse by reason of the decedent's death or that are held in trust for the spouse's benefit). Under the bills, the augmented estate would have been the value of the decedent's gross estate for federal estate tax purposes, which includes probate and nonprobate assets, reduced by specified estate-related expenses.

Part G
Transportation and Motor Vehicles

Transportation

Transportation Planning

Statewide Planning

Long-term transportation planning in the State is a collaborative process designed to consider input from the public, local jurisdictions, metropolitan planning organizations, and elected officials. Among the numerous reports, meetings, and discussions that take place, two important documents are developed to guide transportation planning in the State: the *Consolidated Transportation Program* (CTP) and the *Maryland Transportation Plan* (MTP).

The CTP is the Maryland Department of Transportation's (MDOT) six-year capital budget for the evaluation, development, and construction of transportation capital projects; the CTP must be revised annually to reflect updated information and changing priorities. It contains a list of current and anticipated major and minor capital projects for the fiscal year in which it is issued and for the next five fiscal years, including (1) an expanded description of major capital projects; (2) a detailed breakdown of the costs of a project with project expenditures to date, expected expenditures for the current fiscal year, projected annual expenditures for the next five years, and total project costs; and (3) MDOT's estimates of the source (*i.e.*, federal funds, special funds, *etc.*) and amount of revenues required to fund the project. There are currently 80 major projects in the CTP and a list of over 500 proposed projects (both major and minor) from local jurisdictions.

The MTP is a 20-year forecast of State transportation needs based on MDOT's anticipated financial resources during that 20-year period. It must be revised every 5 years through an inclusive public participation process. Furthermore, it must be expressed in terms of goals and objectives and include a summary of the types of projects and programs that are proposed to accomplish the goals and objectives, using a multimodal approach when feasible. The MTP was last updated in 2014.

House Bill 1013 (Ch. 36) establishes (1) State transportation goals and (2) measures that must be used to evaluate whether and to what extent certain transportation projects meet the State transportation goals. It also requires MDOT to develop a project-based scoring system using the goals and measures. MDOT must generally prioritize projects with higher scores for inclusion in the CTP over projects with lower scores; however, MDOT may include a project with a lower score in the CTP over a project with a higher score, but only if it provides in writing a rational basis for the decision. MDOT must update the 2014 MTP to reflect the Act's goals and measures. The Act also specifies that it may not be interpreted to have any effect on any transportation project moved to the construction phase before the Act's effective date.

Maryland Transit Administration Planning

The Maryland Transit Administration (MTA) operates a comprehensive transit system throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in Baltimore and other services such as the light rail, metro subway, commuter buses, Maryland Area Regional Commuter (MARC) trains, and mobility/paratransit vehicles. ***House Bill 1010 (passed)*** establishes the MTA Oversight and Planning Board within MDOT. MTA's exercise of powers and duties is subject to the authority of the board where applicable, and MTA must regularly report to the board. The bill also codifies the existing Citizen's Advisory Committee for MTA as the Citizen's Advisory Council for MTA, establishes the MARC Riders Advisory Council for MTA and the Accessible Transportation Advisory Council for MTA, and establishes provisions related to each council's membership and duties. The bill terminates May 31, 2021; however, the Department of Legislative Services must review the board and councils established by the bill by December 15, 2020, regarding, among other things, whether the termination date of the board and councils should be extended.

Maryland Aviation Administration Planning

The Maryland Environmental Noise Act of 1974 required the Maryland Aviation Administration to adopt an Airport Noise Zone (ANZ) and a Noise Abatement Plan that minimizes the impact of aircraft noise on people living near the Baltimore-Washington International Thurgood Marshall Airport (BWI Marshall Airport). The Citizens Committee for the Enhancement of Communities Surrounding BWI Marshall Airport reviews community enhancement grant applications each year for projects related to transportation in and around the ANZ and then makes its recommendations to the Secretary of Transportation. ***Senate Bill 72*/*House Bill 233 (both passed)*** alter the membership of the committee to be representatives of community associations that are either wholly or partially located in the certified noise zone that was adopted under § 5-806 of the Transportation Article and effective March 23, 1998, instead of representatives of community associations located in the most recent certified noise zone.

Highway User Revenues

Since the early 1900s, the State has shared motor vehicle-related revenues with the counties and Baltimore City. Initially, these revenues consisted of vehicle registration fees. In 1927, when the gasoline tax increased from $0.02 to $0.04 cents per gallon, the State began sharing these taxes with local governments. In 1968, the General Assembly approved legislation that established a formula for apportioning shares of these revenues among the counties and municipalities, and also initiated the sharing of motor vehicle titling taxes with the subdivisions. Legislation enacted in 1970 created MDOT and a consolidated Transportation Trust Fund (TTF). As provided by that legislation, the State shares with the counties, Baltimore City, and the municipalities those revenues credited to the Gasoline and Motor Vehicle Revenue Account (GMRVA) in the TTF, including all or some portion of the motor vehicle fuel tax, the vehicle titling tax, vehicle registration fees, the short-term vehicle rental tax, and the State corporate income tax. These revenues, commonly known as "highway user revenues," (HUR) are distributed to MDOT and local jurisdictions as follows:

- 90.4% to MDOT;
- 7.7% to Baltimore City;
- 1.5% to counties; and
- 0.4% to municipalities.

In addition to the required distributions of HURs, the fiscal 2017 budget includes an additional $25 million for transportation grants to be distributed as follows: $2 million for Baltimore City; $4 million for counties; and $19 million for municipalities. The grants must be allocated to local governments using the same distribution system as for HURs.

Several bills relating to HURs were introduced during the 2016 session, including ***House Bill 723 (failed)***, which would have required the total distribution of State transportation aid to municipalities through the GMVRA, including any capital transportation grants, to meet a specified threshold each year, beginning in fiscal 2017, and ***Senate Bill 585 (failed)***, which would have required a similar threshold for GMVRA revenue distributions to municipalities in fiscal 2018 only. Additionally, ***House Bill 1455 (failed)*** and ***House Bill 1388 (failed)*** would have altered the distribution of HURs to provide a greater share of the total revenues to local governments.

State Highway Administration

The State Highway Administration (SHA) is responsible for more than 5,200 miles or approximately 16,800 lane miles of road, 2,500 bridges, 3,500 small stream crossing structures, and 80 miles of sound barriers in the State. It also has responsibility for planning, designing, constructing, and maintaining these roads and bridges to safety and performance standards while considering sociological, ecological, and economic concerns.

Dedication of Facilities

Upon receiving direction, either from the Secretary of Transportation or as the result of enacted legislation, SHA is required to dedicate a facility. ***Senate Bill 1104/House Bill 1624 (both passed)*** require SHA to dedicate the portion of Maryland Route 924 (Emmorton Road) between the intersection of Maryland Route 24 and Maryland Route 924 and the intersection of Singer Road and Maryland Route 924 as "Heroes Highway." The designation is near the area where Harford County senior deputies Patrick Dailey and Mark Logsdon were shot to death in Abingdon, Maryland. The men are the first Harford County Sheriff's Office deputies to be shot and killed in the line of duty since 1899.

Relocation of Water or Sewer Lines

SHA is required to reimburse a publicly owned utility for the cost of relocating any facility of the publicly owned utility only if (1) federal funds are available to the State under specified provisions of federal law related to federal-aid primary, federal-aid secondary, and interstate highways and (2) the payment would otherwise be required for relocation of a facility of a nonpublicly owned utility. SHA also provides reimbursement to publicly owned utilities for the relocation of facilities based on a Federal Highway Administration-approved "prior rights process." If the public utility was in an area prior to SHA's project in the area, SHA pays for the cost of relocating the facility. Conversely, if the facility received a permit to locate its facility on State or SHA property or is located on the property illegally, the utility pays the cost of relocating the facility if SHA begins a project in that area. ***House Bill 854 (passed)*** requires SHA, when the relocation of a water or sewer line of a publicly owned utility is needed due to a federal project, to notify the political subdivision or agency that owns the utility of the estimated cost of the relocation. Under the bill, SHA must also investigate funding sources to help the political subdivision or agency meet its share of the cost and, if needed, develop a payment plan.

Budget Actions Related to SHA

The General Assembly restricted $24 million of the capital appropriation for SHA to be used only as follows:

- $2 million for grants to counties to construct sound barriers for communities that are significantly impacted by traffic noise yet do not meet the eligibility criteria under SHA's sound barrier program; and

- $22 million to construct infrastructure improvements to the Greenbelt Metro Station site in order to make it more attractive as a location for locating the headquarters of the Federal Bureau of Investigation (FBI). The Greenbelt Metro Station site is one of three sites under consideration by the federal General Services Administration as a location for the new FBI headquarters.

Maryland Transportation Authority

Since 1971, the Maryland Transportation Authority (MDTA) has been responsible for constructing, managing, operating, and improving the State's toll facilities and for financing new revenue-producing transportation projects. MDTA is governed by nine individuals appointed by the Governor, with the advice and consent of the Senate. The Secretary of Transportation serves as MDTA's chairman. MDTA transportation facilities projects include:

- bridges, tunnels, and toll highways;
- vehicle parking facilities located in priority funding areas;
- other projects that MDTA authorizes to be acquired or constructed; and
- any authorized additions or improvements to MDTA projects.

MDTA has the authority to set tolls on transportation facilities projects under its supervision. Tolls must provide funds that, when combined with bond proceeds and other available revenues, are sufficient to pay maintenance, repair, and operating costs for transportation facilities projects that are not otherwise paid for; pay the interest and principal of any outstanding bond issues; create reasonable reserves for these purposes; and provide funds for the cost of replacements, renewals, and improvements. Toll revenues are deposited into the Transportation Authority Fund, which is wholly separate from the TTF.

Harry W. Nice Memorial Bridge Replacement Bridge

The Harry W. Nice Memorial Bridge carries US 301 over the Potomac River between Maryland and Virginia. It is the second oldest of MDTA's facilities. ***Senate Bill 907 (passed)*** requires the State and MDTA to finance a multilane replacement bridge for the Harry W. Nice Memorial Potomac River Bridge. The replacement bridge must include at least two lanes in each direction and must be constructed and commence operations by December 31, 2030. The bill also establishes a special fund that may only be used for the design and construction of the replacement bridge. MDTA must deposit at least $75 million into the fund each year from fiscal 2018 through 2027 in a specified manner unless an emergency circumstance occurs.

Motor Vehicles

Drunk and Drugged Driving

Ignition Interlock Program

The Maryland Ignition Interlock System Program (IISP) was established through regulation in 1989 and codified by Chapter 648 of 1996. According to the Motor Vehicle Administration (MVA), for the past three years, an average of 11,000 drivers in any given month actively participate in the program. Mandatory participation in IISP is limited to drivers (1) ordered to participate by a court; (2) younger than age 21 that violate an alcohol-related license restriction or commit an alcohol-related offense; (3) convicted for driving while under the influence of alcohol or under the influence of alcohol *per se* and who had a blood alcohol concentration (BAC) of 0.15 or higher; (4) convicted for driving while under the influence of alcohol or while impaired by alcohol and transporting a minor under age 16; or (5) convicted of a specified alcohol-related driving offense within five years of a prior conviction for a specified alcohol- and/or drug-related driving offense. Twenty-five states, however, make participation in an ignition interlock program mandatory for all drivers with a BAC test result of 0.08 or higher.

Senate Bill 945 (passed) extends mandatory participation in MVA's IISP to individuals who are:

- convicted for the first time of driving while under the influence of alcohol or under the influence of alcohol *per se*;
- convicted of impaired driving or driving while impaired by a drug, any combination of drugs, or a combination of one or more drugs and alcohol, and who refused a BAC test in connection with the incident that led to the conviction;
- convicted of homicide by motor vehicle or vessel while under the influence of alcohol, impaired by alcohol, or impaired by a combination of one or more drugs and alcohol; or
- convicted of causing life-threatening injury by motor vehicle or vessel while under the influence of alcohol, impaired by alcohol, or impaired by a combination of one or more drugs and alcohol.

Driving while under the influence of alcohol *per se* is defined as having an alcohol concentration at the time of testing of 0.08 or higher as measured by grams of alcohol per 100 milliliters of blood or grams of alcohol per 210 liters of breath. The bill increases mandatory license suspension periods imposed on a person who is stopped or detained on suspicion of committing an alcohol-related driving offense, if a test result indicates a BAC of 0.08 or higher, or if the person refuses a test. **Exhibit G-1** compares existing administrative *per se* penalties to those established by the bill.

Exhibit G-1
Comparison of Current Administrative *Per Se* Penalties to Increased Administrative *Per Se* Penalties under the Bill

	BAC 0.08 or Above		BAC 0.15 or Above		Test Refusal	
Offense	**Current**	**SB 945**	**Current**	**SB 945**	**Current**	**SB 945**
First	45 days	180 days	90 days	180 days	120 days	270 days
Second or Subsequent	90 days	180 days	180 days	270 days	1 year	2 years

BAC: blood alcohol concentration

Source: Department of Legislative Services

The bill also codifies regulations finalized in March 2016 that allow a person who is detained on suspicion of committing an alcohol-related driving offense and either refuses a requested test or has a test result of 0.08 BAC or higher to elect to participate in IISP immediately instead of requesting an administrative hearing to dispute the charge. Prior to the regulations, only drivers with test results of 0.15 or higher could opt in to IISP in this manner. There was no similar opt-in procedure for drivers with BAC test results at or above 0.08 but under 0.15, thus delaying entry into IISP until after a hearing. The bill further encourages participation in IISP by repealing restrictions on where certain repeat alcohol offenders can drive while participating in the program.

Evidence of Blood Test

In criminal prosecutions for various alcohol- or drug-related driving offenses in which a blood test is to be offered in evidence, a defendant may require the presence at trial of the qualified medical person who withdrew the blood sample. ***House Bill 773 (passed)*** alters this evidentiary rule by establishing that testimony from a law enforcement officer who testifies that the officer witnessed the taking of the blood specimen and reasonably believed the person was a qualified medical person is sufficient evidence, without testimony from the qualified medical person, that the person was a qualified medical person and that the blood was obtained in compliance with State law.

Smoking Marijuana in Vehicles

House Bill 183 (failed) would have prohibited a driver of a motor vehicle from smoking or otherwise consuming marijuana in a passenger area of a motor vehicle on a highway and an occupant of a motor vehicle from smoking marijuana in a passenger area of a motor vehicle on a highway.

Rules of the Road

Negligent Driving

Both ***Senate Bill 160/House Bill 157 (both passed)*** increase the maximum period of incarceration and fine for all homicide, manslaughter, and life-threatening injury by motor vehicle or vessel offenses. A person who commits any of the specified offenses, after having previously been convicted of committing that same offense or any of the other specified offenses, is subject to the enhanced penalties. These enhanced penalties also apply if a person was previously convicted of driving while under the influence of alcohol or under the influence of alcohol *per se*, while impaired by alcohol, while impaired by drugs or drugs and alcohol, or while impaired by a controlled dangerous substance. For a further discussion of these bills, see the subpart "Substantive Crimes" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Traffic Safety

Counterfeit and Nonfunctional Airbags

On October 12, 2012, the National Highway Traffic Safety Administration (NHTSA) issued a consumer safety advisory to alert vehicle owners and repair professionals to the dangers of counterfeit airbags. NHTSA advised that while these airbags look nearly identical to certified, original equipment parts, often including insignias and brands of major automakers, testing showed consistent malfunctioning of the airbags. These malfunctions ranged from nondeployment to expulsion of metal shrapnel.

Senate Bill 969*/*House Bill 1236 (both passed) prohibit a person from knowingly importing, manufacturing, distributing, selling, installing, reinstalling, or offering for sale a counterfeit or nonfunctional airbag. Knowingly selling, offering for sale, installing, or reinstalling a device that causes a vehicle's diagnostic system to inaccurately indicate that the vehicle is equipped with a functional airbag when a counterfeit, nonfunctional, or no airbag is installed is also prohibited. The bills also prohibit a person from knowingly representing that a counterfeit or nonfunctional airbag is a functional airbag. The maximum penalty for violations of these provisions is five years imprisonment or a fine of $5,000 or both.

Vehicle Equipment

Electronic Toll Collection

E-ZPass is an electronic toll collection system that allows drivers to prepay their tolls, eliminating the need to stop at toll plazas. In 2015, 2,368 E-ZPass transponders were reported stolen. Under existing law, E-ZPass holders are responsible for all unauthorized charges prior to reporting the theft. ***House Bill 523 (Ch. 107)*** authorizes an E-ZPass account holder whose E-ZPass transponder is stolen to (1) report the theft of the transponder to local law enforcement and the Maryland Transportation Authority (MDTA) within two weeks of the first account statement after the theft and (2) identify any unauthorized charges to the account and report the unauthorized charges to MDTA for verification. An account holder who reports a transponder theft in this manner is not responsible for unauthorized toll charges if (1) MDTA identifies the individual who unlawfully used the transponder and collects the proper toll charges from the individual or (2) the charges are incurred after the date the theft was reported to MDTA.

Licensing and Registration

A historic (Class L) motor vehicle is defined as a motor vehicle, including a passenger vehicle, motorcycle, or truck, that is at least 20 years old; has not been substantially altered from the manufacturer's original design; and meets criteria contained in MVA regulations. The owner of an historic motor vehicle must certify that the vehicle will be maintained for use in exhibitions, club activities, parades, tours, occasional transportation, and similar uses and not for general daily transportation or primarily for the transportation of passengers or property on highways. Despite this certification requirement, the statute does not specifically prohibit historic vehicles from being used in other manners. MVA, however, is authorized by regulation to suspend the registration of an historic vehicle for use that is inconsistent with the registration requirements.

House Bill 58 (passed) requires an applicant for an historic motor vehicle registration to submit with a registration application an additional certification that the vehicle for which the application is made will not be used for employment, for transportation to and from employment or school, or for commercial purposes. The bill also authorizes a police officer to perform a vehicle safety inspection and issue a safety equipment repair order for historic motor vehicles with a model year of 1986 or later.

Senate Bill 774*/*House Bill 805 (both passed) establish that an autocycle is considered to be a motorcycle for the purposes of the Maryland Vehicle Law. The bills define an "autocycle" as a motor vehicle that (1) has two front wheels and one rear wheel; (2) has a steering wheel; (3) has permanent seats on which the operator or a passenger is not required to sit astride; (4) has foot pedals to control acceleration, braking, and, if applicable, a clutch; and (5) is manufactured to comply with federal safety standards for motorcycles. Any license holder with a noncommercial Class A, B, or C license is authorized to drive an autocycle under the bills. A Class M driver's license authorizes the licensee to drive motorcycles other than autocycles. The bills also restrict the course of instruction for specified motorcycle safety courses to the use and operation of motorcycles operated under a Class M driver's license. An applicant for a driver's license may not use an autocycle for the driver skills examination.

Commercial Vehicles

Commercial Driver's Licenses

MVA is required by federal law to cancel a commercial driver's license (CDL) when the CDL holder fails to submit up-to-date medical certification. CDL cancellations due to failure to submit medical certification also result in cancellation of noncommercial driving privileges. If the cancellation remains in effect for more than one year, the holder is required to take all driving certification tests again, including the commercial and noncommercial knowledge and skill tests to regain commercial driving privileges.

Senate Bill 80*/*House Bill 1461 (both passed) authorize MVA to automatically downgrade a CDL to a noncommercial driver's license when the commercial driving privilege is canceled solely as a result of the CDL holder's failure to submit to MVA a current certificate of physical examination. MVA may not issue a noncommercial license unless the CDL holder first surrenders the commercial license.

Transportation Emergencies

House Bill 229 (passed) establishes that the Maryland Department of Transportation (MDOT) may waive all or part of specified federal-equivalency regulations that MDOT has adopted for intrastate motor carrier transportation if MDOT reasonably expects that the waiver will facilitate emergency relief efforts during a transportation emergency. The waiver only applies to motor carriers and drivers operating commercial motor vehicles while providing emergency relief. Additionally, when a transportation emergency ends, an empty motor carrier or the driver of an empty motor carrier may return to the motor carrier's terminal or the driver's normal work reporting location.

The bill clarifies that a transportation emergency declared by MDOT lasts for the lesser of 5 days from the date of the initial declaration or for the duration of the emergency conditions. If conditions warrant, MDOT may renew a transportation emergency beyond the initial 5-day period for up to three renewal periods of 5 days each. A transportation emergency may not extend for more than 20 days. If emergency conditions last for more than 20 days, the Governor may take any authorized action to facilitate emergency relief efforts through a declaration of a state of emergency.

Manufacturers and Dealers

Manufacturers and Dealers

House Bill 525 (passed) establishes that a motor vehicle manufacturer, distributor, or factory branch (collectively known as licensees) may not prohibit a vehicle dealer from, or take any adverse action against a dealer for providing to a customer information (including a recall notice or technical service bulletin) given to the dealer by a manufacturer related to any condition that may substantially affect motor vehicle safety, durability, reliability, or performance. A dealer, however, may provide the information only to a customer that has purchased the vehicle for which the information pertains from the dealer or that has had the vehicle for which the information pertains serviced by the dealer.

A licensee may not deny a claim, reduce the amount of compensation to a dealer, or process a charge back to a dealer for performing covered warranty or required recall repairs on a vehicle under specified circumstances. If a licensee issues a stop sale directive applicable to a used vehicle manufactured by the licensee to a dealer that holds a franchise from the licensee and there are no remedies or parts available to fix the motor vehicle, the licensee must compensate the dealer. Compensation may be in one of two forms: (1) providing payment to the dealer at a rate of at least 1% per month or portion of a month of the value of the vehicle; or (2) under a national program applicable to all dealers holding a franchise from the licensee for their costs associated with the stop sale directive.

Mechanical Repair Contracts

Chapter 444 of 2015 altered the definition of "mechanical repair contract" to be an agreement or contract sold by a licensed vehicle dealer or an obligor under which the dealer or obligor agrees to perform specified services. The services generally pertain to the repair, replacement, or maintenance of a vehicle. A mechanical repair contract may not provide indemnification for a loss caused by "perils that are commonly covered by comprehensive or collision provisions" of an auto insurance policy.

An "obligor" is defined as the person specified in a mechanical repair contract that is contractually obligated to perform the services set forth in the contract. At least 45 days before selling a mechanical repair contract, an obligor must file the contract with the Insurance Commissioner. Each obligor also must register with the Insurance Commissioner on an annual basis; that registration must include specified information, including the name and address of a designated agent authorized to accept service on behalf of the obligor in the State.

House Bill 675 (passed) alters the definition of "mechanical repair contract" to encompass any agreement or contract sold by an "agent." An agent is defined as a business entity that is authorized by an obligor or a licensed vehicle dealer to sell a mechanical repair contract. The bill also makes a clarifying and conforming change to allow an agent – as well as an employee of a licensed vehicle dealer, agent, or registered obligor – to offer, sell, or negotiate a mechanical repair contract. An obligor or a licensed vehicle dealer is liable for the actions of its agent when the agent is offering or selling a mechanical repair contract on its behalf.

An obligor or a licensed vehicle dealer that uses an agent to sell mechanical repair contracts must maintain a list of its agents and make the list available to the Insurance Commissioner on request. Likewise, an agent must maintain a list of the names of each employee authorized to sell mechanical repair contracts and, on request, provide this list to its obligor or licensed vehicle dealer within 10 business days from receipt of the request.

The bill increases the maximum misdemeanor fine that may be imposed for unauthorized sales of mechanical repair contracts from $1,000 to $5,000. The bill also authorizes the Insurance Commissioner to impose a civil penalty of at least $100 but no more than $5,000 for each violation of provisions relating to mechanical repair contracts committed by an agent or the agent's employee while offering or selling a repair contract on behalf of a registered obligor.

Part H
Business and Economic Issues

Business Occupations

Barbers and Cosmetologists

Barbering and cosmetology services must generally be provided in a permitted barbershop or beauty salon. Under the barbering law, a licensed professional may practice barbering outside of a barbershop or beauty salon if a permitted facility sponsors the individual and other specified conditions are met. Under the cosmetology law, a licensed professional may only provide services within the designated scope of practice in a barbershop, beauty salon, or other specified health facility, like a nursing home. ***House Bill 567 (passed)*** enables a barbershop owner or a beauty salon owner to obtain a secondary permit for one or more mobile barbershops or beauty salons through which services may be provided anywhere that does not violate another law, ordinance, or requirement.

Since 2013, the legislature has established three limited licenses that facilitate entry into the barbering and cosmetology professions: (1) the hairstylist limited license (Chapter 412 of 2013); (2) the barber-stylist limited license (Chapter 262 of 2015); and (3) the blow drying limited license. ***Senate Bill 830*/*House Bill 1291 (both passed)*** enable an individual who meets specified qualification standards to provide a subset of services included within the scope of practice of a hairstylist and a cosmetologist. This change makes it possible for stylists to become licensed to provide professional blow drying services – washing, blow drying, and styling – without completing the additional coursework and training that are required for a broader scope of practice.

Real Estate Licensees

According to the Maryland Association of Realtors (MAR), the professional association for real estate professionals in the State, a prevalent practice has given rise to complaints before the State Real Estate Commission: lawyers' self-representation for commission from a selling price. ***Senate Bill 539*/*House Bill 747 (both passed)*** preclude lawyers from self-representing in a real estate transaction and taking a commission. While lawyers may continue to provide brokerage services without a license under limited circumstances, they may not receive a commission for self-representation.

The commission recently adopted a regulation that requires every licensee it regulates to verify the licensure status of every "service provider" every time the licensee recommends such a service provider to a client. The regulation also requires a licensee to give the client the electronic link to the licensing record information as well as the date on which the licensee last verified the information so that the client may verify continued license status before entering into a contract with the service provider. According to MAR, the commission regulation unnecessarily applies to a wide range of service providers even though real estate clients have generally complained about problems in their interactions with unlicensed home improvement contractors.

Senate Bill 824*/*House Bill 1453 (both passed) authorize an individual licensed by the commission to provide the name of a "service provider" to a client in the provision of real estate brokerage services without needing to verify that the service provider is currently licensed by the State to perform the services. The bills define "service provider" as including (but not being limited to) a mortgage lender; a mortgage broker; a real estate appraiser; a home inspector; a plumber; an electrician; and a heating, ventilation, air-conditioning, and refrigeration contractor. However, "service provider" specifically does not include a home improvement contractor. Instead, the bills require a licensee to annually verify the licensure status of a home improvement contractor prior to offering the name to the client and to inform the client of the website on which the licensing information may be found as well as the date on which the information was last verified.

According to MAR, legislation was needed to modernize the State's agency law so that it better reflects current industry practices and customer expectations. In addition to altering defined terms and making conforming changes, ***Senate Bill 828*/*House Bill 1469 (both passed)*** make three substantive changes: (1) removing the presumption that a real estate agent who is not affiliated with or acting as a listing agent is a buyer's agent (at first meeting); (2) altering the disclosures required of a seller's agent at an open house, under specified conditions; and (3) requiring that specified disclosures be presented to unrepresented parties rather than directly from agent to agent.

Other Professionals

Land Surveyors

The State Board for Professional Land Surveyors licenses and permits approximately 1,050 individuals, partnerships, and corporations to practice land surveying and property line surveying in the State. The Maryland Society of Surveyors, the association for professional land surveyors, has indicated over the last few years that the industry would like to become more professional to encourage young people to enter the field. The profession has become highly technical with the advent of new technology, and a skills gap now exists.

Four combinations of education and experience qualify an applicant for licensure as a professional land surveyor; these combinations were last altered by Chapter 611 of 2014.

House Bill 1457 (Ch. 139) alters and makes further changes to the education and experience requirements for licensure as a professional land surveyor so that there are four permanent options and one temporary option (available through 2025).

Professional Engineers

All engineering documents prepared in connection with the alteration, construction, design, or repair of a building, structure, building engineering system and its components, machine, equipment, process, works, subsystem, project, public or private utility, or facility in the built or economic environment, where the skills of a professional engineer are required, must be signed, sealed, and dated by the professional engineer who prepared or approved the documents. The Maryland Society of Professional Engineers reports that a decision by the Maryland Court of Appeals in 1963 held that State and local government employees are not required to be licensed to practice engineering. ***Senate Bill 226 (passed)*** explicitly requires that an engineering document prepared at the request of the State or a political subdivision in the State – in connection with projects where the skills of a professional engineer are required – be signed, sealed, and dated by the professional engineer who prepared or approved the document.

Business Regulation

Authority of the Secretary of Labor, Licensing, and Regulation

In 2015, the U.S. Supreme Court held in *North Carolina State Board of Dental Examiners v. Federal Trade Commission* that, when a controlling number of the decision makers on a state licensing board are active participants in the occupation the board regulates, the board may only invoke state-action immunity if it is subject to active supervision by the state. Two boards under the Department of Labor, Licensing, and Regulation (DLLR) – the State Collection Agency Licensing Board and the State Heating, Ventilation, Air Conditioning, and Refrigeration Contractors (HVACR) Board – do not have statutory language specifying that the boards exercise their powers under the authority of the State. ***Senate Bill 96 (passed)*** specifies that the State Collection Agency Licensing Board is subject to supervision by the Secretary of Labor, Licensing, and Regulation. Likewise, ***Senate Bill 106 (passed)*** specifies that the HVACR Board is subject to the supervision of the Secretary of Labor, Licensing, and Regulation. As a result of the new statutory language, the State will be able to assert State-action immunity as a defense in a court case involving either board.

Licensure Requirements

Home Improvement Subcontractors

DLLR advises that many subcontractors do not have the requisite subcontractor license from the Maryland Home Improvement Commission but still perform work for contractors. Although the commission has not received complaints against unlicensed subcontractors, the commission also cannot help a consumer pursue a remedy against a subcontractor (only against a contractor). ***Senate Bill 285 (passed)*** repeals the requirement that a person obtain a subcontractor license; instead, a person may act as a home improvement subcontractor without possessing a license. The bill also requires the commission to identify home improvement subcontractors in the State that may be eligible for a home improvement contractor license and encourage them to apply for a contractor license.

Security Systems Technicians

Chapter 362 of 1994 established licensing of security systems agencies, and Chapter 520 of 1997 established registration of technicians. The licensing and regulation of the business of providing security systems services is the responsibility of the Department of State Police (DSP). A person may not engage, attempt to engage, offer to engage, or solicit to engage in the business of providing security systems services in the State unless licensed by the Secretary of State Police. In addition, an individual registered as a security systems technician must work for a licensed security systems agency.

The licensing and regulation of security systems agencies and technicians is 1 of approximately 70 regulatory entities and activities currently subject to periodic evaluation under the Maryland Program Evaluation Act (§ 8-401 *et. seq.* of the State Government Article). The Act establishes a process better known as "sunset review" as most entities and activities evaluated are also subject to termination, including the licensing and regulation of security systems agencies and technicians, which is scheduled to terminate July 1, 2016.

House Bill 140 (passed) extends the termination date for the licensing and regulation of security systems agencies and technicians by five years to July 1, 2021, thereby maintaining the requirement for licensing and regulation by DSP. The bill also maintains the requirement for periodic evaluation, requiring the Department of Legislative Services to conduct a preliminary evaluation in 2018. In addition, the bill alters the initial application fee for a security systems agency license – from $150.00 (which includes the cost of the State and national criminal records check – currently $52.75) to $100.00, plus the cost of the State and national criminal records check. The processing fee for a security systems agency license – paid by an applicant licensed in another state who meets specified conditions – is reduced from $150.00 to $100.00.

Juke Box for Public Entertainment

A person must obtain a State juke box license whenever that person keeps a juke box for public entertainment in the State and, only in Harford County, must also obtain a Harford County juke box license. ***House Bill 745 (Ch. 115)*** repeals those licensure requirements as well as associated fees ($10 for the State license and an additional $10 for a Harford County license) and penalties at the State and local level (both of which are a misdemeanor subject to a $100 fine).

Billiard Table for Commercial Use

Except in Washington County, a person must have a billiard table license whenever that person keeps a billiard table for commercial use in the State. "Billiard table" includes a pool table. Generally, an applicant for a billiard table license must pay the clerk of the circuit court in each county a license fee of $10 per table. The per-table fee is $20 in Cecil County and $40 in Baltimore City. ***House Bill 70 (Ch. 90)*** repeals the licensure requirement and the associated fees and penalty (misdemeanor subject to a $500 fine per billiard table).

Fees

Home Builder Registration

New home builders and new home builder sales representatives are required to register biennially with the Consumer Protection Division within the Office of the Attorney General (OAG), except a home builder that holds a license or registration in Montgomery County may act as a home builder in that county only (unless also registered with the State). Even so, a home builder that only holds a registration in Montgomery County must pay an administrative fee, which the county remits to the Home Builder Registration Fund. The Home Builder Registration Fund – the special fund that funds the Consumer Protection Division's administration and enforcement of the Home Builder Registration Act – is operating at a deficit.

Senate Bill 968*/*House Bill 1448 (both passed) raise revenue for the fund by increasing home builder and home builder sales representative fees. Specifically, the bills increase the initial home builder registration fee from $600 to $800, while the renewal fee is tiered based on the number of homes constructed in the preceding calendar year. Accordingly, a home builder who constructed 10 or fewer homes pays $400 for renewal (rather than the $300 currently paid), a builder who constructed between 11 and 74 new homes pays $800, and a builder who constructed 75 or more homes pays $1,200 (currently, a builder who constructed 11 or more homes pays $600 for renewal). Both the initial and renewal fees for a home builder sales representative are increased from $200 to $300. In addition, the administrative fee that passed through to the State for a home builder in Montgomery County increases from $150 to $250.

Cigarette Retailer License in Montgomery County

House Bill 1115 (passed) increases the fee for a county cigarette retailer license in Montgomery County to $125. For each license fee collected, the Clerk of the Circuit Court for Montgomery County is required to distribute $25 to the Comptroller and $100 to Montgomery County for the county's enforcement of existing laws banning the sale or distribution of tobacco or tobacco products to minors. The bill further specifies that funds distributed to Montgomery County through this mechanism may not be used to supplant existing funding for such enforcement.

Charitable Organizations

A charitable organization must register and receive a registration letter from the Secretary of State (SOS) before the charitable organization (1) solicits contributions in the State; (2) has contributions solicited for on its behalf in the State; or (3) solicits charitable contributions outside of the State, if the organization is located in the State.

Audit and Review Requirements

Chapters 100 and 101 of 2009 increased the income levels that determine whether a charitable organization must submit an audit or a review when registering with SOS. For an audit, the minimum gross income level was increased from $200,000 to $500,000. For a review, the minimum gross income level was increased from $100,000 to $200,000. ***Senate Bill 10 (passed)*** further increases the income levels that determine whether a charitable organization in the State must submit an audit or a review when registering with SOS. Accordingly, charitable organizations with gross annual incomes of $750,000 or more from charitable contributions must submit an audit performed by an independent certified public accountant (CPA) when registering with SOS. Charitable organizations with gross annual incomes of at least $300,000 but less than $750,000 must submit a review by a CPA. SOS may continue to accept other documentation in place of either the audit or the review, as well as require an audit or review if the amount of gross income is less than $750,000.

Fundraising Counsel

A person must have applied to register appropriately with SOS whenever the person acts as an associate solicitor, a professional solicitor, or a fundraising counsel. "Fundraising counsel" means a person who, for pay, advises a charitable organization about a charitable solicitation in Maryland or holds, plans, or manages a charitable solicitation in Maryland, but does not directly solicit or receive charitable contributions from the public. Specified exemptions exist from the definition of fundraising counsel for professionals who perform specified work for a charitable organization. ***House Bill 1182 (passed)*** alters the definition of fundraising counsel to also exclude a person who is engaged as an independent contractor directly by a charitable organization and who meets specified requirements.

General Business Regulation

Perpetual Care Trust Funds

Two types of trust funds related to cemetery services are regulated by the Office of Cemetery Oversight: perpetual care trust funds and preneed trust accounts. A similar reporting requirement exists for both perpetual care trust funds and preneed trust accounts, including that persons subject to the trust requirements must submit a report to the Director of Cemetery Oversight within a specified timeframe after the close of each calendar year. The timeframe is 150 days for preneed trust accounts and 120 days for perpetual care trust funds. ***Senate Bill 536/ House Bill 555 (both passed)*** extend – from 120 to 150 days – the timeframe within which a person subject to perpetual care trust fund requirements must submit a report to the Director of Cemetery Oversight after the close of each calendar year.

Business Discount for Veterans

There is no specific requirement that a business accept certain forms of identification as proof of an individual's veteran status. Chapters 50 and 51 of 2012 required the Motor Vehicle Administration to ensure that the driver's license or identification card of an applicant who presents specified documentation certifying the individual's status as a veteran include a notation that the applicant is a veteran. ***Senate Bill 119 (passed)*** requires a business registered with the State Department of Assessments and Taxation that offers a discount or preference on products or services to veterans to accept a valid driver's license or a specified identification card that includes a notation of veteran status as verification of the veteran status of the individual for purposes of claiming the discount or preference.

Sales of Dogs and Cats

In general, a dog or cat younger than eight weeks of age may not be sold or distributed in the State unless it is accompanied by its female parent. Chapters 214 and 215 of 2012 established conditions and requirements for remedy when a dog sold at a retail pet store is found to have an undisclosed disease, illness, or prior condition. They also established certification, recordkeeping, and public disclosure requirements for retail pet stores that conduct business in the State as well as penalties for noncompliance. The Consumer Protection Division within OAG enforces the retail pet store law established under Chapters 214 and 215 of 2012. According to Attorney General Brian E. Frosh, in the last three years, the Consumer Protection Division has received approximately 60 complaints involving the purchase of animals.

Senate Bill 663*/*House Bill 1113 (both passed) generally prohibit a person from "offering for sale" a dog or a cat at any public place. The prohibition does not apply to (1) an "animal welfare organization" or animal control unit under specified circumstances; or (2) a dog breeder and a specific individual purchaser conducting a prearranged sale of a dog if the location of the prearranged sale is not at a regularly scheduled or recurring event. A person who violates this provision is subject to a civil penalty of up to a $500 fine for a first violation and enhanced fines for a second or subsequent violation. Moreover, a retail pet store may only offer a dog or cat for sale if the animal is obtained from specified entities. A violation of this provision is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil (but *not* criminal) penalty provisions. The bills alter the entities to which retail pet store laws do *not* apply.

Minority Business Participation

House Bill 264 (passed) establishes the Task Force to Investigate the Challenges of and Opportunities for Minorities in Business to (1) investigate discriminatory practices against minority- and women-owned businesses, including minority- and women-owned franchisees; (2) review, examine, and assess issues related to access to working capital for small, minority- and women-owned businesses in Maryland; (3) review, examine, and assess incentives for business entities that employ ex-felons; and (4) conduct hearings as appropriate. The Governor's Office of Minority Affairs must provide staff for the task force. By December 31, 2017, the task force must report its findings and recommendations, including any recommended legislation, to the Governor and the General Assembly.

Motor Fuel Supplier and Retail Service Station Dealer

Generally, a refiner or other supplier of motor fuel to a retail service station may not engage in, sponsor, promote, advertise, or otherwise perform or participate in a game of chance to be marketed or offered to the public at a retail service station in the State. However, a supplier of motor fuel authorized to operate retail service stations may, at such stations, participate in a game of chance promoted or sponsored by entities other than a refiner or supplier of motor fuel. A supplier of motor fuel authorized to conduct a game of chance may not require a retail service station dealer to pay for any costs related to the game of chance.

Senate Bill 277*/*House Bill 342 (Chs. 59 and 60) allow an authorized motor fuel supplier to sponsor, promote, advertise, or otherwise perform or participate in a game of chance at a retail service station, provided that the retail service station dealer agrees to participate in the game of chance. A motor fuel supplier may not require a retail service station dealer to participate in the game of chance.

Business License in Washington County

Generally, an applicant for a general business license (in each county) must submit an application to the clerk of the court, submit a receipt or certificate for certain taxes, and pay the applicable license fee. If a specific place for doing business is stated in a license, the licensee may change the place of business only if the clerk endorses the change on the license. There are limited exceptions to these general requirements in individual local jurisdictions. In Washington County, the clerk of the circuit court may not issue a business license for the first time unless the applicant submits to the clerk a certification that the location of the business for which the license is sought has proper zoning. The certification must be from the county planning commission or, if the business is located in a municipality, from the municipality. There is a similar zoning certification requirement in Calvert County.

Senate Bill 1135 (passed) repeals requirements in Washington County that an applicant for a business license submit a specified zoning certification before the clerk of the circuit court may issue the business license or endorse a change in business location.

Public Service Companies

Renewable Energy

Maryland's Renewable Energy Portfolio Standard (RPS) was enacted in 2004 to facilitate a gradual transition to renewable sources of energy. The Public Service Commission (PSC) oversees the standard, which operates on a two-tiered system with carve-outs for solar energy and offshore wind energy and corresponding renewable energy credits (RECs) for each tier. Electric companies (utilities) and other electricity suppliers must submit RECs equal to a percentage specified in statute each year or else pay an alternative compliance payment (ACP) equivalent to their shortfall. Over the past few years, the requirements have been met almost entirely through RECs, with negligible reliance on ACPs.

Tier 1 sources include, among others, wind (onshore and offshore), qualifying biomass, methane from anaerobic decomposition of organic materials in a landfill or wastewater treatment plant, geothermal, small hydroelectric plant of less than 30 megawatts, poultry litter-to-energy, waste-to-energy, refuse-derived fuel, and thermal energy from a thermal biomass system. Tier 1 Solar sources include photovoltaic cells and residential solar water-heating systems commissioned in fiscal 2012 or later. Following the transfer of several sources to Tier 1, Tier 2 now includes only large hydroelectric power plants.

Senate Bill 921*/*House Bill 1106 (both passed) increase the annual percentage requirements for meeting the RPS using Tier 1 Nonsolar and Tier 1 Solar sources from the current 20% by 2022 to be 25% by 2020. Generally, the bills slightly reduce ACPs for Tier 1 Nonsolar and Tier 1 Solar. The Maryland Energy Administration (MEA) may use the Strategic Energy Investment Fund (SEIF), including money that the fund received from PSC approval of the Cove Point liquefied natural gas export facility, to provide funding for access to capital for small, minority, and women-owned businesses in the clean energy industry. The Department of Labor, Licensing, and Regulation must conduct a study related to the clean energy workforce needs in the State.

The incremental cost imposed by ***Senate Bill 921*/*House Bill 1106*** is (1) the cost of additional RECs and Solar RECS (SRECs) required to meet the enhanced requirements plus (2) the cost of any ACPs paid by electricity suppliers if the enhanced percentage requirements are physically not able to be met. As shown in **Exhibit H-1**, that additional cost of RPS compliance ranges from $5.0 million to $19.8 million in 2017 and peaks in 2020 at $49.0 million to $196.0 million.

Exhibit H-1
Incremental Annual Compliance Cost, by REC and SREC Prices
Calendar 2017-2025+
($ in Millions)

	REC and SREC Prices			
Year	25% of ACP Annual Cost	50% of ACP Annual Cost	75% of ACP Annual Cost	100% of ACP Annual Cost
2017	$5.0	$9.9	$14.9	$19.8
2018	2.2	4.4	6.5	8.7
2019	21.5	43.0	64.5	86.1
2020	49.0	98.0	147.0	196.0
2021	43.0	86.0	129.0	172.0
2022	33.3	66.6	99.9	133.2
2023	32.3	64.6	96.8	129.1
2024	31.6	63.3	94.9	126.6
2025+	31.8	63.6	95.5	127.3

Source: Department of Legislative Services

When these additional compliance costs are spread out over electricity sales in each year, this equates to a monthly bill increase for the average residential customer of between $0.08 and $0.32 in 2017. The potential monthly bill increase peaks at between $0.77 and $3.06 in 2020 and decreases moderately thereafter to between $0.48 and $1.94 in 2025.

The State government also purchases electricity as an electric customer. Under the assumption that REC prices are 50% of ACP in each year, State expenditures (all funds) increase by $0.1 million in fiscal 2017, escalating to $2.2 million by fiscal 2021 and significantly thereafter, due to higher electricity prices.

For most solar system installations, part of the installation process is the interconnection of a solar electric generating facility to the distribution grid. ***Senate Bill 811*/*House Bill 440 (both passed)*** generally require an electric company to issue acceptance and final approval to operate a customer-generator's solar electric generating facility on the company's distribution facilities within 20 business days after the completion of the installation process and receipt of specified paperwork and documentation. The electric company must do so for at least 90% of installation processes completed during the year in the company's service territory. PSC may temporarily waive the requirement on a showing of good cause.

SEIF was established in 2008 primarily to receive revenue from Regional Greenhouse Gas Initiative carbon dioxide emission allowance auctions. The Strategic Energy Investment Advisory Board must review the Strategic Energy Investment Program and MEA's proposed uses of and expenditures from SEIF and make recommendations to MEA concerning any proposed use or expenditure. ***House Bill 1281 (passed)*** requires the Governor to appoint a chair for the Strategic Energy Investment Advisory Board from among its voting members and authorizes the board to meet at the discretion of the chair or the request of the Director of the Maryland Energy Administration. MEA must report on a plan for SEIF expenditures to the board each year, rather than only in a plan development year, which occurs every three years.

The Maryland Clean Energy Center (MCEC) was established in 2008 to generally promote and assist the development of the clean energy industry in the State; promote the deployment of clean energy technology in the State; and collect, analyze, and disseminate industry data. MCEC is authorized to make grants to or provide equity investment financing for clean energy technology-based businesses. ***Senate Bill 726 (passed)*** establishes the Task Force on the Maryland Clean Energy Center to determine how best to make MCEC self-sustaining without deviating from its mission and charge. The Department of Legislative Services, in consultation with the Department of Commerce, must provide staff for the task force. By December 1, 2016, the task force must report its findings and recommendations to the Governor and the General Assembly. For further discussion of ***Senate Bill 726***, see the subpart "Economic Development" within this part of this *90 Day Report*.

Natural Gas

In 2013, the General Assembly authorized gas companies to file a plan with PSC requesting permission to include a surcharge on customer bills for recovering certain costs of proposed infrastructure replacement projects. PSC must take final action to approve or deny a plan within 180 days after a gas company files a plan. If a gas company files an amendment to an approved plan, PSC must take action within 120 days to approve or deny the amendment. ***Senate Bill 162*/*House Bill 75 (both passed)*** extend – from 120 to 150 days – the deadline by which PSC must take final action to approve or deny an amendment to an approved gas infrastructure replacement plan.

Transportation

Under Chapter 204 of 2015, the General Assembly established a regulatory framework for transportation network services that encompasses transportation network companies (*e.g.*, Uber and Lyft) and transportation network operators (*e.g.*, Uber and Lyft drivers), including licensing, criminal history records checks, insurance requirements, and trip assessments. ***Senate Bill 54/House Bill 3 (Chs. 16 and 28)*** generally clarify and conform provisions of law pertaining to transportation network services and other types of for-hire transportation, particularly relating to insurance and the trip assessment process, and alter the requirements pertaining to the submission of an operator's national criminal history records check. The Acts also authorize taxis to use a device other than a taximeter for measuring the charges for service, if PSC approves the device.

Underground Facilities

The Maryland Underground Facilities Damage Prevention Authority was established to protect underground facilities, such as natural gas, telephone, cable, television, water, and sewer lines during excavations. The authority hears complaints and assesses civil penalties for violations of the laws protecting these underground facilities. A person that intends to perform an excavation or demolition in the State must initiate a ticket request by notifying the one-call system serving the geographic area where the excavation or demolition is to be performed of the person's intent to perform the excavation or demolition. ***Senate Bill 480*/*House Bill 696 (both passed)*** authorize the authority to obtain funding for its operational expenses from an additional assessment or charge of up to 5 cents per ticket, if the assessment or charge is (1) not imposed on a county or municipality and (2) is approved by a two-thirds vote of all members of the authority.

Public Service Commission

Retail electric and gas customers pay for two separate aspects of utility service: the commodity (the electricity or the natural gas) and the delivery of the commodity. For the commodity portion, customers can either purchase electricity or natural gas through standard offer service (directly from their utility) or through retail customer choice (from an electricity or gas supplier). Regardless of which option they pick, utility customers must still pay for delivery of the commodity at a rate that they cannot change.

Chapters 77 and 78 of 2014 required PSC, by January 1, 2015, to submit a report to the General Assembly on the status of PSC's efforts to provide appropriate protections for consumers in connection with competitive retail electricity and gas supply, including recommendations as to how to better protect ratepayers. ***House Bill 1144 (Ch. 134)*** establishes the Retail Choice Customer Education and Protection Fund, administered by PSC. The fund receives money from civil penalties assessed for violations of certain electric and gas marketing and consumer protection provisions. The purpose of the fund is to provide resources to improve PSC's ability to (1) educate customers on retail electric and gas choice and (2) protect customers from unfair, false, misleading, or deceptive practices by electricity or gas suppliers.

Generally, a person may not begin construction in the State of a generating station, overhead transmission line, or a qualified generator lead line unless the person first obtains a certificate of public convenience and necessity (CPCN) from PSC. PSC must provide an opportunity for public comment and hold a public hearing on a CPCN application in each county and municipality in which any portion of the project is proposed to be located. ***Senate Bill 1069 (passed)*** alters the requirements for how PSC must give prior notice of a public hearing and opportunity to comment in connection with a CPCN application. In addition to the current requirement that PSC advertise in a newspaper in general circulation in the local jurisdiction each of the four weeks immediately prior to the hearing and opportunity for public comment on a CPCN application, PSC must also provide notice on two types of social media and on its website. On the day of a public hearing, an informational sign must be posted prominently at or near each public entrance of the building in which the public hearing will be held.

Insurance Other than Health Insurance

Maryland Insurance Commissioner

Delegation of Hearing Authority

Senate Bill 240 (Ch. 56) expands the authority of the Maryland Insurance Commissioner to delegate the responsibility for holding hearings under the Insurance Article, by allowing the Commissioner to designate one other Maryland Insurance Administration (MIA) employee who is admitted to practice law in the State to hold the hearings, in addition to the Deputy Commissioner, associate deputy commissioners, and associate commissioners who are authorized by statute to hold hearings.

Insurers

Proprietary Rate-related Information

Senate Bill 839*/*House Bill 958 (both passed) establish that information that an insurer files with the Maryland Insurance Commissioner and identifies as "proprietary rate-related information" (1) constitutes a trade secret and confidential commercial information; (2) generally must be kept confidential by the Commissioner; and (3) is not subject to subpoena served on the Commissioner or any recipient of proprietary rate-related information authorized by the bills. "Proprietary rate-related information" is defined in the bills to mean a rating model and includes the formulas, algorithms, analyses, and specific weights given to variables used in the model.

If the Commissioner determines that an insurer's identification of material as proprietary rate-related information does not constitute proprietary rate-related information, the Commissioner must give the insurer written notice of that determination and, after 10 days, make the information open to public inspection. However, the Commissioner is prohibited from disclosing the information if the rate filing has not been put into effect and the insurer withdraws the rate filing by the required time. The Commissioner is not prohibited from disclosing proprietary rate-related information in furtherance of regulatory or legal action, or to specified regulatory and enforcement entities, including the People's Insurance Counsel Division and its outside consultant, if they agree to maintain the confidentiality of the information. The Commissioner must notify the insurer in writing at least 10 business days before disclosing the information to specified regulatory or enforcement entities. Finally, the bills provide that the confidentiality provisions may not be construed to authorize an insurer to designate the rating factors used to calculate the premium as proprietary rate-related information or authorize the Commissioner to keep the rating factors confidential.

Civil Actions – Liability of Disability Insurer for Failure to Act in Good Faith

House Bill 990 (passed) adds disability insurers to statutory provisions under § 3-1701 of the Courts and Judicial Proceedings Article authorizing the recovery of actual damages, expenses, litigation costs, and interest in a first-party claim against an insurer if the insurer failed to act in good faith under specified circumstances. The bill applies to first-party claims made under individual "disability insurance" policies. The bill amends the corresponding reporting requirement under State insurance laws by requiring MIA to include in its annual report to the General Assembly the number and types of complaints to MIA and under § 3-1701 from insureds regarding first-party insurance claims under individual disability insurance policies and the specified administrative and judicial dispositions of these complaints or actions.

Disability insurance is the industry name for an optional type of insurance that provides benefits in the event that an injured person is unable to work or otherwise obtain income. Generally, the insurance is designed to replace 45% to 65% of an injured person's gross income.

Insurance Professionals

Certificates of Qualification, Licenses, and Registrations – Renewals

House Bill 60 (Ch. 84) changes the renewal process for specified insurance professionals and entities. For surplus lines brokers, insurance producers, insurance advisers, motor clubs, and motor club representatives, the Act authorizes MIA to send a renewal notice electronically if MIA has an electronic mail address on record. For surplus lines brokers and insurance advisers, the certificate or license expires on the last day of the month in which the certificate or license holder was born instead of June 30. For surplus lines brokers, insurance advisers, motor clubs, and motor club representatives, renewal applications may be filed in an electronic format that the Maryland Insurance Commissioner approves. For surplus lines brokers and insurance advisers, the Act establishes rules and procedures for MIA to accept renewal applications electronically. Finally, the Act requires insurance producers to file an electronic mail address with MIA and report any change to the electronic mail address within 30 days of the change.

Public Adjusters

Senate Bill 75 (passed) alters the license and renewal process for public adjusters in the State to conform more closely to the standards set by the National Association of Insurance Commissioners. Specifically, the bill repeals the qualification requirement that an applicant for a license be employed for one year by MIA or an insurer, adjuster, insurance producer, or public adjuster. Instead, consistent with other insurance professionals, public adjuster licensees are required to comply with a 24-hour continuing education requirement every two years.

The bill also modernizes the license renewal process by authorizing the Maryland Insurance Commissioner to send notice of renewal by electronic mail and by authorizing a licensee to renew the license electronically. Under the bill, public adjuster licenses expire on the last day of the month in which the license holder was born instead of June 30. The bill establishes rules and procedures for MIA to accept renewal applications electronically. Finally, the bill codifies existing practice by requiring an applicant to pay a license fee, instead of an application fee.

Surplus Lines Brokers

As part of authorizing short-term medical insurance to be purchased as a surplus line from a nonadmitted insurer in the State, ***Senate Bill 436 (passed)*** requires a surplus lines broker who is applying for a certificate of qualification to hold a license as an insurance producer for the kind of insurance being solicited or sold. For a further discussion of ***Senate Bill 436***, see the subpart "Health Insurance" within Part J – Health and Human Services of this *90 Day Report*.

Property and Casualty Insurance

Homeowner's Insurance

Percentage-based Deductibles: House Bill 557 (passed) authorizes insurers to issue a policy of homeowner's insurance in the State that includes a deductible that is equal to a percentage of the "Coverage A – Dwelling Limit" of the policy. The insurer may require the percentage-based deductible in a policy of homeowner's insurance or offer the deductible as an option. If an insurer requires a percentage-based deductible for damage caused by a hurricane, the deductible may apply only beginning at the time the National Hurricane Center of the National Weather Service issues a hurricane warning for any part of the State and ending 24 hours after the termination of the last hurricane warning issued for any part of the State, regardless of where the insured's home is located in the State. The hurricane warning timeframe does not apply to "other storms" (such as hail, wind, snow, or thunder) if the insurer uses a percentage-based deductible for those storms. A homeowner's insurer may not adopt an underwriting standard that requires a percentage-based hurricane deductible that exceeds 5% of the "Coverage A – Dwelling Limit" of the policy unless the insurer has filed the underwriting standard with the Maryland Insurance Commissioner. The filing must be made at least 60 days before the insurer intends to implement the underwriting standard.

An insurer that issues a policy that includes a percentage-based deductible must provide a specified statement at the time the policy is first issued and at every renewal. The statement must be on either the declarations page or in a separate statement that meets specified criteria. In either case, the insurer must send a copy of the form used to provide the statement to the Commissioner prior to its use.

In relation to homeowner's insurance, a "Coverage A – Dwelling Limit" is the replacement cost for an entire home, and this is generally the limit of coverage for the policy. While a standard homeowner's deductible is commonly a flat rate amount, certain insurers charge a percentage-based deductible based on the "Coverage A – Dwelling Limit" in certain circumstances. For example, if a home is insured for $300,000, a flat rate deductible might result in a $500 charge to an insured in the event of damage or loss, while a 5% deductible would be $15,000.

Discrimination Based on Driving Record: House Bill 1398 (failed) would have prohibited an insurer that issues policies of homeowner's insurance from using an insured's or applicant's driving history to (1) refuse to underwrite, cancel, or refuse to renew a risk; (2) rate a risk, including specified rate-making activities; or (3) require a particular payment plan.

Motor Vehicle Insurance – Volunteer Drivers

Volunteer Drivers: House Bill 501 (passed) prohibits insurers that issue, sell, or deliver motor vehicle liability insurance policies in the State from (1) canceling the policy of a named insured or refusing to issue a policy to an applicant solely because the individual is a volunteer driver or (2) imposing a surcharge or otherwise increasing the rates for a policy solely because the named insured or applicant, a member of the named insured's or applicant's household, or an individual who customarily operates the named insured's or applicant's motor vehicle is a volunteer driver. "Volunteer driver" is defined in the bill as an individual who provides driving services, including the transportation of people or goods, without compensation other than for expenses to specified charitable organizations or not-for-profit organizations.

Examples of organizations that provide the type of service described by the bill include "Partners in Care" in Anne Arundel County and "Neighbor Ride" in Howard County. Volunteer drivers for both organizations provide transportation for seniors who may not have their own transportation.

Motor Vehicle Insurance – Uninsured Drivers

The Task Force to Study Methods to Reduce the Rate of Uninsured Drivers, established by Chapter 41 of 2014, studied various ways to educate the public about the financial responsibility law, to enable those who may be unable to afford motor vehicle insurance to comply with the financial responsibility law, and to further enforce the financial responsibility law. Maryland's uninsured motorist rate is about 12.2%, according to Insurance Resource Council. The following bills are part of a package of bills recommended by the task force in reducing the rate uninsured motorists in the State.

Insurance Identification Card: Senate Bill 544/House Bill 720 (both passed) require an insurer that issues, sells, or delivers a motor vehicle liability insurance policy in the State to provide an insurance identification card to an insured at the time a policy is initially issued and at each renewal. The card, which must include certain information, is a form of evidence of the required security for a motor vehicle and may be produced in electronic format.

The bills further require the operator of a motor vehicle that is required to be registered in the State to (1) be in possession of, or carry in the motor vehicle, evidence of the required security for the motor vehicle when operating the motor vehicle on a highway in the State and (2) present evidence of the required security on request of a law enforcement officer. A person who violates this requirement is subject to a fine of $50, which may be waived, but if collected must be deposited in the Uninsured Motorist Education and Enforcement Fund. This new fund is administered by the Motor Vehicle Administration (MVA), and its revenues must be used to administer the fund and educate drivers about and enforce the security requirements for motor vehicles under the Maryland Vehicle Law. MVA may accept funding for the new fund or another form of support from the Uninsured Claim and Judgment Fund of the Maryland Automobile Insurance Fund.

Personal Injury Protection Benefits: Senate Bill 784/House Bill 900 (both passed) exempt an applicant for a motor vehicle liability insurance policy from being required to obtain coverage for medical, hospital, and disability benefits – known as personal injury protection (PIP) benefits – that must otherwise be provided (full PIP) or waived (limited PIP). However, to be eligible for the exemption, the applicant must meet specified conditions, and the insurance policy being obtained cannot provide coverage in excess of the minimum liability coverage required by State law. The Maryland Automobile Insurance Fund (MAIF) must offer the option to reject PIP coverage to an eligible applicant while other insurers may do so. The bills also specify the process by which an applicant may reject PIP coverage and require an insurer, at the time of renewal of a policy that rejected PIP coverage, to change the policy to provide limited PIP coverage, unless the first named insured chooses to obtain full PIP coverage instead. MAIF and other insurers that offer the option to reject PIP coverage must annually report specified information to MIA through October 2019, and MIA must compile the information and submit its findings and recommendations to specified committees of the General Assembly on or before December 1, 2019.

PIP coverage, a form of no-fault coverage, provides up to $2,500 for payment of medical, hospital, and disability benefits arising from an accident. Full PIP provides coverage for those injured in an accident; limited PIP provides coverage for those injured in an accident except for the first named insured, listed drivers, and members of the first-named insured's family who are at least 16 years old and reside in the household.

Uninsured Vehicle Owners: Senate Bill 888/House Bill 912 (both passed) establish the Program to Incentivize and Enable Uninsured Vehicle Owners to Be Insured, to be administered by MVA. Its purpose is to reduce the number of uninsured vehicles in the State by incentivizing and enabling uninsured vehicle owners with delinquent uninsured vehicle penalties to be insured. Under the program, MVA must (1) waive 80% of a vehicle owner's delinquent uninsured vehicle penalties that became delinquent before January 1, 2014, and (2) require those owners to purchase and maintain the required security for their vehicles. The program must last up to 90 days during calendar 2017. An owner is eligible to participate if the owner (1) is a resident of the State; (2) does not have the required security on a vehicle; (3) has eligible delinquent uninsured vehicle penalties; and (4) has not been issued a judgment by the Central Collection Unit (CCU).

A participant must pay the balance owed for delinquent uninsured vehicle penalties after subtracting the waived amount, as well as any fees owed to CCU. MVA must require the participant to maintain the required security on the vehicle for at least six months or, if the waived penalty exceeds $3,000, for at least one year. MVA must coordinate with MIA to publicize the program and must notify eligible vehicle owners about the program. MVA is authorized to accept funding or another form of support from MAIF's Uninsured Claim and Judgment Fund. MVA must report to the Governor and the General Assembly on the program's results and any recommendations for another similarly purposed program.

Under current law, MVA may assess the owner of a vehicle a penalty of up to $2,500 annually for each vehicle without the required security. According to MVA, since 1975, more than one million citations have been issued to uninsured motorists, with a total of about $1.3 billion in fines. Of that amount, only $446.3 million (33.9%) has been collected.

Portable Electronics Insurance

Senate Bill 541 (Ch. 73) authorizes a portable electronics insurer to send specified required notices to insureds by mail, instead of by a first-class mail tracking method, when the insurer is not authorized to send the notice through electronic means.

Senate Bill 750/House Bill 919 (both passed) repeal the termination date of the provision of Chapter 525 of 2013 that temporarily allowed a portable electronics vendor, or an authorized representative of the vendor, to compensate an employee in a manner based, in part, on the sale of portable electronics insurance. However, the compensation may not depend solely on the sale of portable electronics insurance. The bills also repeal corresponding complaint tracking and reporting requirements. Thus, the Maryland Insurance Commissioner no longer has to submit findings and recommendations on or before January 1, 2017, on whether and how vendor employees should be compensated for selling a portable electronics limited lines insurance policy.

Since the enactment of Chapter 525 in 2013, this form of employee compensation has been authorized to be used in the sale of another type of limited lines insurance. The Commissioner has not received any complaints relating to the use of this form of employee compensation.

Notice of Premium Increases

House Bill 1408 (Ch. 137) exempts policies of commercial insurance and workers' compensation insurance from the requirement that an insurer send notice to the named insured and insurance producer, if any, when the insurer intends to increase a renewal policy premium, if the renewal policy premium is increasing by 15% or less. The Act specifies that an insurer may not be required to comply with the notice requirement if a separate notice containing specified information is sent. The Act also repeals a provision that considers the notice requirement to have been met when an insurer sends this separate notice.

Medical Malpractice Insurance

Senate Bill 450/House Bill 1487 (both passed) allow a medical malpractice insurance policy to include coverage for the defense of a health care provider in a disciplinary hearing arising out of the practice of the health care provider's profession if the cost of the included coverage is (1) itemized in the billing statement, invoice, or declarations page for the policy and (2) reported to the Maryland Insurance Commissioner in a form and manner required by the Commissioner.

Life Insurance

House Bill 803 (Ch. 123) prohibits life insurers from (1) refusing to insure; (2) refusing to continue to insure; (3) limiting the amount, extent, or kind of coverage available to an individual; or (4) charging a different rate for the same coverage solely for reasons associated with an applicant's or insured's future lawful travel plans, unless bona fide differences in risk or exposure have been substantiated by the use of relevant data from at least one independent reliable source. Travel advisories issued by the U.S. Department of State may not be the sole source of data used to make such a determination. An insurer must maintain the data and documents that support its determination that differences in risk or exposure exist and make the data and documents available on request by the Maryland Insurance Commissioner. The Act also clarifies that existing statutory prohibitions on discrimination related to past lawful travel experiences apply only to life insurance contracts.

Horse Racing and Gaming

Horse Racing

Satellite Simulcast Wagering

Satellite simulcast wagering includes pari-mutuel wagering at an off-track betting facility on a race that is simulcast from a sending track and the transmission of the pari-mutuel betting information to the sending track. ***House Bill 727 (passed)*** requires the Maryland Racing Commission (MRC) to hold a public hearing within 10 miles of a proposed off-track betting facility before granting a satellite simulcast wagering permit. At least 30 days prior to a public hearing, MRC must meet certain notice requirements, including advertising the hearing in a local publication, posting notice of the hearing on its website, requiring the applicant to post a sign at the proposed facility, and notifying certain elected officials of the public hearing.

Maryland International and Preakness Stakes

House Bill 965 (passed) establishes the Maryland International thoroughbred race to be run at Laurel Park. The bill establishes funding for the purse for the Maryland International ($500,000 in fiscal 2018 and 2019) and bonuses for Maryland-bred or Maryland-sired horses running in the Preakness Stakes ($500,000 in fiscal 2017). Funding is provided from the State Lottery Fund. The bill also provides $500,000 (in fiscal 2018 and 2019) in additional funding for incentive grants for youth and amateur sporting events and for Maryland History Day and other programming.

State Lottery

Licensed Agents

Senate Bill 111 (Ch. 20) authorizes the State Lottery and Gaming Control Agency (SLGCA) to establish the amount that a licensed lottery sales agent may pay in cash game prizes. Additionally, the Act clarifies that if a minor wins $5,000 or more, SLGCA may deposit the prize in a financial institution to the credit of an adult member of the minor’s family or a guardian of the minor.

Video Lottery Facilities and Local Impact Grants

Donation of Coins

House Bill 202 (passed) requires the State Lottery and Gaming Control Commission to establish a pilot program to require one video lottery operation licensee to offer players the opportunity to donate coins to the Maryland Veterans Trust Fund when receiving cash on payout. To provide the opportunity for players to donate, the video lottery facility must attach a donation box near the exit of the facility with the proceeds dedicated to the fund.

Intercepted Prizes

Senate Bill 78 (Ch. 44) repeals the 15-day waiting period for SLGCA or a video lottery operation licensee to transfer a lottery prize or video lottery facility prize payout of a restitution obligor who is overdue in restitution payments to the Central Collection Unit. Similarly, the Act repeals the 15-day waiting period for SLGCA or a video lottery operation licensee to transfer a prize of an obligor who owes child support to the Child Support Enforcement Administration.

Baltimore City

From the video lottery terminal (VLT) proceeds at each video lottery facility, generally 5.5% are distributed as local impact grants to local governments in which a video lottery facility is operating. ***House Bill 1636 (passed)*** alters the local impact grant distribution in Baltimore City and establishes the South Baltimore Gateway Community Impact District and corresponding management authority. Beginning in fiscal 2018, at least 50% of local impact grants from VLT proceeds distributed to Baltimore City must be distributed to the South Baltimore Gateway Community Impact District Management Authority.

Criminal Law

Home Games

House Bill 127 (passed) authorizes individuals who are at least 21 years old to conduct and participate in Mah Jong or a card game involving wagering. The total amount of money or consideration that may be wagered by all players in any 24-hour period may not exceed $1,000. The bill authorizes these games subject to certain restrictions.

Fantasy Competition

Authorization and Regulation

Daily fantasy sports is an activity in which participants' fantasy teams compete against each other based on professional player or team statistics. Chapter 346 of 2012 exempts "fantasy competition" from prohibitions against betting, wagering, and gambling in State law. The law defines fantasy competition as any online fantasy or simulated game or contest, such as fantasy sports, in which (1) participants own, manage, or coach imaginary teams; (2) all prizes and awards offered to winning participants are established and made known to participants in advance of the game or contest; and (3) the winning outcome of the game or contest reflects the relative skill of the participants and is determined by statistics generated by actual individuals.

Senate Bill 980 (failed) would have altered the definition of fantasy competition to specify that participants must organize themselves and participate directly in the competition and that the use of a website is solely assistive in nature in playing the game to keep track of the imaginary teams. The bill would have prohibited a fantasy competition that includes any online fantasy or simulated game or contest, such as fantasy sports, if the provider or vendor of the game or contest requires the payment of an entry fee in order to participate in the game or contest and receive a prize.

The Comptroller is authorized to adopt regulations to regulate fantasy sport competitions. ***House Bill 930/Senate Bill 976 (both failed)***, as amended, would have transferred authority from the Comptroller to the Director of SLGCA. Additionally, ***Senate Bill 976***, as amended, would have required SLGCA to report to the Governor and the General Assembly on various issues related to the regulation of the industry.

Economic Development

Department of Commerce

In response to concerns regarding the business climate in the State, in March 2014, the Presiding Officers of the General Assembly established and appointed the Maryland Economic Development and Business Climate Commission to focus on the State's economic development structure and incentive programs. After reviewing the State's economic development entities and functions, the commission found that economic development entities in the State needed to be reorganized in a manner that reflects the importance of their missions, facilitates accountability, and encourages ease of navigation. Accordingly, Chapter 141 of 2015 restructured the State's principal economic development entities which, among other major changes, reorganized the Department of Business and Economic Development into the Department of Economic Competitiveness and Commerce. Concurrent with the October 1, 2015 effective date of Chapter 141, Executive Order 01.01.2015.22 changed the department's name to the Department of Commerce. The department's website, logo, email addresses, and other such items already reflect this change. The Office of the Attorney General advised, however, that codification of the name change was the safest course of legal action.

Accordingly, ***Senate Bill 85/House Bill 59 (both passed)*** rename the Department of Economic Competitiveness and Commerce to be the Department of Commerce. The bills also repeal the Office of the Secretary of Commerce in the Governor's Office and repeal the executive director position (which was established in the 2015 Act to manage the operations of the Department of Economic Competitiveness and Commerce), implementing the current practice and structure of the Department of Commerce. The Secretary of Commerce remains the head of and responsible for the Department of Commerce.

Maryland Technology Development Corporation

Maryland Innovation Initiative

The Maryland Technology Development Corporation (TEDCO) was created as an independent entity to facilitate the creation of technology companies in Maryland and encourage collaboration between these emerging businesses and federal and State research laboratories. The Maryland Innovation Initiative (MII) was created to combine the technology transfer expertise of TEDCO and the research expertise of the State's research universities to speed commercialization opportunities. MII may use funds to (1) provide grant funding to a qualifying university-based entrepreneur or other start-up entity to promote the commercialization of technology developed in whole, or in part, by a qualifying university; (2) pursue grant funding for MII or its qualifying universities; (3) develop and implement guidelines for technology transfer; and (4) identify projects at qualifying universities that may be viable for commercialization. ***Senate Bill 1057 (passed)*** allows MII to provide equity investment financing – instead of solely grant funding – to qualifying entities to promote the commercialization of technology developed in whole, or in part, by a qualifying university.

Morgan State University Office of Technology Transfer

The Office of Technology Transfer (OTT) at Morgan State University (MSU) assists faculty and staff members, administrators, and students with intellectual property issues resulting from their research discoveries and other scholarly and creative activities. ***Senate Bill 1158 (passed)*** requires the Board of Regents of MSU to develop and implement a plan to enhance OTT at MSU. At the request of the board, TEDCO must provide technical assistance to OTT. In fiscal 2018 through 2020, the Governor must include in the annual budget bill an appropriation of $1 million to MSU to (1) enhance OTT; and (2) increase the capacity of OTT to move technology into the marketplace. The board must report each year on its implementation of the plan to enhance OTT at MSU and the capacity of OTT to move technology into the marketplace.

Pensions Investment Services

Senate Bill 982 (passed) authorizes the Board of Trustees of the State Retirement and Pension System to enter into an agreement with TEDCO or another entity to make and manage investments on behalf of the board in private equity and venture capital in the State. The bill also specifies that it is the intent of the General Assembly that State contributions to the pension fund in excess of statutory requirements be invested in the State with a goal to increase the risk capital available in the State as long as the investments are consistent with, and do not compromise or conflict with, the board's fiduciary duties. Any entity providing investment services to the board under the bill is a fiduciary of the system. For a more detailed discussion of ***Senate Bill 982***, see the subpart "Pensions and Retirement" within Part C – State Government of this *90 Day Report*.

Economic Development Tax Credits and Exemptions

Aerospace, Electronics, or Defense Project Tax Credit

The Governor's proposed fiscal 2017 budget includes a fiscal 2016 general fund deficiency appropriation of $20.0 million under the Economic Development Opportunities Program Fund, or Sunny Day Fund. The described use of the deficiency appropriation is to "invest in aerospace and defense research" in the State and is intended to provide a retention incentive for Northrop Grumman's mission systems facility in Linthicum. ***Senate Bill 1112 (passed)*** creates a tax credit program that allows a tax credit against the State income tax for a business that is certified by the Department of Commerce as operating a qualifying aerospace, electronics, or defense contract (AEDC) tax credit project. A qualified business entity may receive up to three designations for AEDC tax credit projects in a fiscal year. The department may award up to a total aggregate of $7.5 million in tax credits in each taxable year to businesses that are certified as meeting the requirements of the tax credit program.

The department may certify an AEDC tax credit project if the business entity that operates the project creates or retains at least 10,000 qualified positions and expends at least $25.0 million in qualifying expenditures during a credit year. A qualified business entity may claim the credit in an amount equal to $250 multiplied by the number of qualified employees employed during the credit year, subject to a maximum value of $2.5 million. The business may claim a refund if the amount of the credit exceeds its tax liability in the taxable year. The Comptroller must recapture the credit if the business does not maintain a minimum number of specified jobs over certain time periods. The Act is effective through the end of fiscal 2021.

Regional and Local Economic Development

Extraordinary Development Districts

All counties and municipalities are authorized to utilize tax increment financing under State law. Tax increment financing is a public financing method that uses future gains in tax revenues to finance current improvements. ***House Bill 1198 (passed)*** authorizes the Maryland-National Capital Park and Planning Commission (M-NCPPC) to enter into an agreement with Prince George's County to deposit all or a portion of M-NCPPC property taxes levied by the county on the tax increment in an extraordinary development district into a special fund for the extraordinary development district. An "extraordinary development district" is a development district that is designated as such by resolution and contains at least 50 acres, on all or part of which a federal law enforcement agency will be located. M-NCPPC may not enter into an agreement until Prince George's County has adopted a resolution designating the extraordinary development district, and M-NCPPC has adopted a resolution approving the agreement.

Northeastern Maryland Additive Manufacturing Innovation Authority

Chapters 570 and 571 of 2014 established the Northeastern Maryland Additive Manufacturing Innovation Authority and Fund. Additive manufacturing is a process in which thin horizontal slices of material are stacked progressively on top of one another to form a three-dimensional (3D) object. A well-known form of additive manufacturing is 3D printing. ***Senate Bill 882 (passed)*** renames the Northeastern Maryland Additive Manufacturing Innovation Authority as the Regional Additive Manufacturing Partnership of Maryland (RAMP MD) and the associated special fund as the RAMP MD Fund. The bill also alters the voting membership of the authority's executive board. The authority, when submitting its annual budget request as required under current law, must include a specific request to the Department of Commerce for financial support in the following fiscal year.

Local Government Tort Claims Act – Regional Development Councils

Senate Bill 1097 (passed) expands the definition of "local government" for purposes of the Local Government Tort Claims Act to include a regional development council established under Title 13 of the Economic Development Article. A regional development council is a cooperative regional planning and development unit for a region of the State and includes the Baltimore Metropolitan Council (which is already covered under the Local Government Tort Claims Act), the Mid-Shore Regional Council, the Upper Shore Regional Council, the Tri-County Council for the Lower Eastern Shore of Maryland, the Tri-County Council for Southern Maryland, and the Tri-County Council for Western Maryland.

Calvert County Economic Development Incentive Fund

The Calvert County Economic Development Incentive Fund is designed to aid economic development within Calvert County by providing loans or grants, or a combination of both, to qualified companies that plan to establish new operations or facilities in Calvert County or significantly expand existing operations or facilities in Calvert County. ***House Bill 1493 (Ch. 140)*** alters the eligibility criteria for receiving a loan or grant from the Calvert County Economic Development Incentive Fund by decreasing, from 25 to 10, the minimum number of full-time jobs that a specified applicant must plan to create.

Maryland Clean Energy Center

The Maryland Clean Energy Center (MCEC) was established under Chapter 137 of 2008 to generally promote and assist the development of the clean energy industry in the State; promote the deployment of clean energy technology in the State; and collect, analyze, and disseminate industry data. MCEC is authorized to make grants to or provide equity investment financing for clean energy technology-based businesses. As introduced, ***Senate Bill 726 (passed)*** would have allowed MCEC to operate as a "green bank" for the State by allowing the center to leverage private capital investments with public funds to finance the costs of acquiring or improving projects. The bill is the result of a study of green banks, as required under Chapter 365 of 2014. The bill, as introduced, would have required the Maryland Energy Administration to provide grants to MCEC for annual operating support and assistance from fiscal 2016 to 2020. A green bank is a public or quasi-public institution that finances the deployment of renewable energy, energy efficiency, and other clean energy projects in partnership with private lenders.

As amended and passed, the bill requires further study of coordination and cost-effective opportunities between MCEC and other State and quasi-public entities in performing the functions of MCEC, including the establishment of a green bank. Accordingly, ***Senate Bill 726*** establishes the Task Force on the Maryland Clean Energy Center to determine how best to make MCEC self-sustaining without deviating from its mission and charge. By December 1, 2016, the task force must report its findings and recommendations to the Governor and the General Assembly. The task force terminates on June 30, 2017.

Housing and Community Development

Baltimore City Revitalization Initiatives

The civil unrest that occurred in Baltimore City in April 2015 brought the issues of concentrated poverty and blighted conditions in Baltimore to the forefront of the ongoing discussion of how to effectively revitalize Baltimore City's low-income neighborhoods and improve the quality of life of its low-income residents. To that end, a package of legislation was introduced in the General Assembly, with leadership support, directing nearly $227 million in State funding in fiscal 2017 through 2022 for community development projects, vacant building demolition, expansion of community services, and education and mentorship programs. The following discussion focuses on the community development aspect of the Baltimore initiatives. For a detailed discussion of the individual education-related bills in the package, see Part L – Education of this *90 Day Report*.

Community Development Projects

Strategic Demolition and Smart Growth Impact Fund: There is a Strategic Demolition and Smart Growth Impact Program within the Division of Neighborhood Revitalization in the Department of Housing and Community Development (DHCD) that, to date, has been funded exclusively with general obligation bond proceeds. ***House Bill 686 (Ch. 30)*** establishes the Strategic Demolition and Smart Growth Impact Fund to provide grants and loans through the program to government agencies and community development organizations for specified revitalization projects in any area designated as a sustainable community. The Act directs the $21.5 million appropriated to DHCD for fiscal 2017 in Supplemental Budget No. 2 to the fund and requires the Governor to include in the annual budget bill an appropriation to the fund of $25.6 million in fiscal 2018 and $28.5 million in fiscal 2019. For fiscal 2017 through 2019, grant or loan recipients must provide a 25% funding match. The Act also specifies the allocation and distribution of those funds, the majority of which are directed to Baltimore City.

Baltimore Regional Neighborhood Initiative Program: House Bill 684 (Ch. 29) codifies the existing Baltimore Regional Neighborhood Initiative Program within DHCD and establishes a Baltimore Regional Neighborhood Initiative Program Fund to provide financial assistance under the program. The program provides strategic investment in local housing and businesses, focusing on areas where modest investment will have an appreciable neighborhood revitalization impact. The Act requires the Governor, for fiscal 2018 through 2022, to include in the annual budget bill an appropriation of $12 million to the fund. For fiscal 2018 only, the Governor must also include in the budget bill an appropriation of $250,000 for the Baltimore Metropolitan Council.

In addition, the Act establishes application procedures, eligibility requirements, and authorized uses for the funds. A nonprofit community development organization is eligible to apply for program funds if its purpose is to implement a clear revitalization strategy in neighborhoods in Baltimore City or the inner Baltimore Beltway communities of Anne Arundel or Baltimore counties. The application must contain a neighborhood revitalization plan that includes community enhancement projects located within a sustainable community. DHCD must accept public input on the application, consider the recommendation of any State unit and, before an application is approved, must provide written notice and a reasonable opportunity to comment to the political subdivision in which a proposed project is located.

Seed Community Development Anchor Institution Fund: ***House Bill 1400 (Ch. 31)*** establishes a Seed Community Development Anchor Institution Fund within DHCD to provide grants and loans to anchor institutions for community development projects in blighted areas of the State. To be eligible for a grant or loan, an anchor institution must provide evidence of matching funds from a private source. For fiscal 2018 through 2022, the Governor must include in the annual budget bill an appropriation of $5 million to the fund.

Under the Act, an "anchor institution" is defined as (1) an institution of higher education in the State or (2) a hospital institution in the State that has at least five physicians and offers diagnostic and treatment services, including overnight care, for two or more unrelated individuals. According to the Maryland Independent College and University Association, several colleges, universities, and hospitals formed coalitions to serve as anchor institutions in various areas of Baltimore City to build and support communities. The association further advised that four institutions of higher education signed agreements in 2014 with the Mayor of Baltimore to engage in numerous projects to build stronger neighborhoods, attract residents, create jobs, and support economic growth.

Community Services

Enoch Pratt Free Library: With the intent of increasing public access to library resources in poor and underserved communities, ***Senate Bill 1171/House Bill 1401 (both passed)*** require a State grant to fund increased operating expenses for each branch of the Enoch Pratt Free Library that extends its operating hours beyond the hours in effect on January 1, 2016. The bills require the Governor, for fiscal 2018 through 2022, to include in the annual budget bill an appropriation of $3 million to support the extended hours of operation. Baltimore City must provide a 25% match of State dollars received under the grant program. Finally, the Mayor and City Council of Baltimore must report annually through June 1, 2022, to the budget committees of the General Assembly on the branches eligible for funding increases and by December 31, 2020, on the impact of extended library hours and recommendations for continued funding. For further discussion of ***Senate Bill 1171/House Bill 1401***, see the subpart "Education – Local Bills" within Part L – Education of this *90 Day Report*.

Department of Housing and Community Development

Student and Residential Mortgage Loans

The Maryland Mortgage Program, administered by the Community Development Administration (CDA) in DHCD provides below-market fixed-rate mortgages through private lending institutions to low- and moderate-income households. The program is financed through the sale of mortgage revenue bonds, targeted to first-time homebuyers, and includes eligibility limits on both household income and the cost of the home. CDA provides eligible borrowers with a wide variety of mortgage products to meet workforce housing needs.

Senate Bill 381/House Bill 460 (passed) authorize CDA to provide financial assistance under the program to a homeowner for (1) purchasing a primary residence and making payments on the homeowner's student loan debt or (2) making payments on the homeowner's student loan debt in conjunction with the homeowner obtaining separate financial assistance from a source other than the administration for purchasing the homeowner's primary residence. The Secretary of Housing and Community Development is required to determine the terms and qualifications for financial assistance. The bills are intended to help student loan borrowers overcome barriers to homeownership, which primarily include student loan payment obligations that decrease the ability of otherwise creditworthy homebuyers to qualify for a mortgage. The program will offer State-owned residential real estate at market value, with financing provided through the program. In providing financial assistance to a homeowner, the administration must give priority to selling residential property that it owns. DHCD must report on its activities and recommendations for expanding the scope of financial assistance provided under the program to the General Assembly by December 31, 2018.

Shelter and Transitional Housing Facilities Grant Program

The Shelter and Transitional Housing Facilities Grant Program within DHCD provides grants to local governments and nonprofit organizations in order to develop emergency shelters and transitional housing for homeless individuals and families. The Maryland Consolidated Capital Bond Loan of 2016 includes $1.5 million in general obligation bond funding for the program in fiscal 2017. ***Senate Bill 797/House Bill 1476 (passed)*** require the Governor, for fiscal 2018 and each fiscal year thereafter, to include in the annual budget bill at least $3.0 million for the program.

Business Lending and Neighborhood Revitalization

House Bill 326 (passed) makes specified changes to various programs within DHCD so as to enhance financial assistance to businesses. Generally, the bill (1) authorizes the Community Development Administration and the Maryland Housing Fund to support business projects; (2) expands the geographic area in which the Neighborhood Business Development Program operates; (3) expands the types of financial assistance that can be provided under specified programs; and (4) makes changes to streamline the efficiency of specified programs by removing dollar-specific loan limits and requirements for significant outside funding and instituting a notice and review policy for projects in local jurisdictions.

A project qualifies as a "business project" under ***House Bill 326*** if the project is located in an area designated as a priority funding area under State procurement law and acquired, owned, developed, constructed, reconstructed, rehabilitated, or improved by a person or an entity for the purposes of carrying on a business. DHCD must reserve at least the lesser of $5 million or the annual capital appropriation for the fund to make financial assistance available to a project located in sustainable communities. By December 31, 2018, the department must report to specified legislative committees on financial assistance provided to business projects under the bill.

Local Government Infrastructure Projects

Under the Local Government Infrastructure Financing Program, the Community Development Administration issues tax-exempt bonds, on behalf of counties, municipalities or their instrumentalities, as a way of generating capital and loans the bond proceeds to local governments. Local governments are responsible for repaying the debt incurred through the bond financing and for paying their pro rata share of the costs of issuance of the pooled bonds. ***Senate Bill 104 (Ch. 18)*** adds a method of securing financing for a local infrastructure loan through the program. The Act authorizes a county to pledge, on behalf of a municipal corporation located in the county, the faith and credit of the county, or specific revenue of the county. A pledge by a county must be authorized by an ordinance or a resolution of the county. The pledge cannot exceed existing charter or statutory limits on the power of the county to make the pledge.

Building Codes and Life Safety Standards

Building Codes – Timing for Implementation

DHCD is required to adopt, as Maryland Building Performance Standards (MBPS), the most recent version of the International Building Code that is published by the International Code Council (ICC), along with applicable modifications authorized in State law. In general, MBPS apply to all buildings and structures within the State for which a building permit application is received by a local government. ***House Bill 57 (Ch. 83)*** extends the period of time, from 12 to 18 months, within which the department must adopt, by regulation, each subsequent version of MBPS after it is issued by ICC. The Act also extends the period of time, from 6 to 12 months, within which each local jurisdiction must implement and enforce any modification to MBPS after it is adopted by the State. For a further discussion of this Act, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Carbon Monoxide Alarms – Residential Dwelling Units

Senate Bill 182/House Bill 849 (both passed) require a rental dwelling unit, on or after April 1, 2018, to have a carbon monoxide alarm installed outside and in the immediate vicinity of each separate sleeping area and on every level of the unit, including the basement. The bills also require a rental dwelling unit to install the same types of carbon monoxide alarms that are currently required for installation in a hotel or a lodging or rooming house. For a further discussion of ***Senate Bill 182***/***House Bill 849***, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Workers' Compensation

Premiums

Each workers' compensation insurer in the State is required to be a member of a workers' compensation rating organization and adhere to the policy and rate forms filed by the rating organization. Under Chapter 36 of 2015, Chesapeake Employers' Insurance Company, the insurer of last resort, is transitioning to be a member of a workers' compensation rating organization by January 1, 2023. Currently, that rating organization is the National Council on Compensation Insurance (NCCI). The uniform experience rating plan provided by NCCI is the exclusive means of adjusting premiums in the State based on the loss-producing characteristics of an individual insured; however, an insurer may file a rating plan with the Insurance Commissioner that adjusts premiums by up to 25% based on the characteristics of a risk that are not reflected in the uniform experience rating plan. An insurer may also file a rating plan that takes into account retrospective premium adjustments based on an insured's past experiences.

Senate Bill 505 (passed) authorizes a workers' compensation insurer to file a rating plan that provides a premium discount of up to 4% to its insured employers if they have an alcohol- and drug-free workplace policy that includes at least one of following six programs: (1) an alcohol and drug testing program; (2) an employee education program on alcohol and drug abuse; (3) a supervisor education program on alcohol and drug abuse; (4) an employee assistance program that includes referrals of employees for appropriate diagnosis, treatment, and assistance; (5) a program requiring an employee who has caused or contributed to an accident while at work to undergo alcohol or drug testing; and (6) any other program that the insurer deems effective to encourage an alcohol- and drug-free workplace. An insurer is not required to provide the premium discount if the insured employer is required by federal or State law to test its employees for drugs or otherwise maintain an alcohol- and drug-free workplace.

Benefits

Certain public safety employees – including specified volunteer and paid firefighters, paramedics, and law enforcement officers – are entitled to receive enhanced workers' compensation benefits for permanent partial disabilities that are determined to be compensable for fewer than 75 weeks. Under current law, an employee who is not entitled to enhanced benefits is compensated at a rate that equals one-third of the employee's average weekly wage, not to exceed 16.7% of the State average weekly wage.

House Bill 631 (passed) repeals a provision that limited the circumstances under which a Howard County deputy sheriff was considered a public safety employee to when the deputy sheriff was performing law enforcement duties expressly requested, defined, and authorized in accordance with a written memorandum of understanding executed between the Howard County Sheriff and other law enforcement agencies. As a result, the bill includes a Howard County deputy sheriff as a public safety employee under all circumstances for purposes of eligibility for the enhanced workers' compensation benefits. A public safety employee who is awarded compensation for a period of fewer than 75 weeks for a permanent partial disability is compensated by the employer or its insurer at an enhanced rate that is equal to the rate for claims that are determined to be compensable for 75 to 250 weeks (two-thirds of the employee's average weekly wage, not to exceed one-third of the State average weekly wage). The bill applies only prospectively and does not have any effect on or application to claims arising before October 1, 2016.

Unemployment Insurance

Unemployment Insurance (UI) provides temporary, partial wage replacement benefits to individuals who are unemployed through no fault of their own and who are able to work, available to work, and actively seeking work. An individual performing services for a business in return for compensation in the form of wages is likely covered for UI purposes. Unemployment benefits are funded through Maryland employers' State UI taxes. All private business employers and nonprofit employers employing one or more persons, at any time, are subject to the Maryland UI Law. An employer's tax rate is based on the employer's unemployment history and ranges within a certain percentage of the total taxable wages of the employer's employees. The taxes are deposited in the Unemployment Insurance Trust Fund (UITF) and can be used only to pay benefits to eligible unemployed individuals.

Both the federal and state governments have responsibilities for unemployment compensation. The U.S. Department of Labor oversees the UI system, while each state has its own program that is administered pursuant to state law by state employees. Each state has laws that prescribe the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

Computation of Benefits

In 2014, the U.S. Department of Labor implemented regulations that altered the eligibility requirements for a state seeking a cash-flow (interest-free) loan to pay UI benefits. The requirement is phased in from 2014 (which started at 50% of the full funding goal) through 2018, increasing by 10% each year. The Department of Labor, Licensing, and Regulation advises that the approximate UITF balance necessary to meet the full requirement in 2019 is anticipated to be approximately $1.5 billion.

For any calendar year beginning on or after January 1, 2017, ***Senate Bill 84 (passed)*** requires that the tax rate table in effect for the immediately preceding calendar year continue to apply if (1) the UITF balance on September 30 of the immediately preceding calendar year was at a level that would result in a tax rate table that had lower rates applied under current law and (2) the specified federal funding requirements were not met as of December 31 of the second immediately preceding calendar year.

As amended by the Senate, ***Senate Bill 1145 (failed)*** would have altered the UI schedule of benefits to increase the maximum weekly benefit amount from $430 to $445 for claims filed establishing a new benefit year on or after January 2, 2017. The weekly benefit amount was last increased in 2010.

Eligibility for Benefits

The receipt of retirement payments can affect the eligibility of an individual for UI benefits. ***Senate Bill 74 (passed)*** clarifies the definition of "retirement payment" and the criteria used to determine the effect of a retirement payment on eligibility for UI benefits. The bill alters the definition of "retirement payment" by specifying that it is an amount that is paid under a plan maintained or contributed to by, rather than paid for wholly or partly by, a base period employer. The bill also alters the circumstances used to determine the effect of a retirement payment on eligibility for unemployment benefits by specifying that the effect turns on whether or not an individual contributed to the plan, rather than whether or not the base period employer paid the full cost of the plan. As a result, if an individual did not contribute to the plan that provides the retirement payment, the full retirement payment must be considered. However, if an individual contributed to the plan that provides the retirement payment, 50% of the retirement payment must be considered.

Generally, to be eligible for UI benefits an individual must be able to work, available for work, and actively seeking work. ***Senate Bill 86 (passed)*** repeals an exemption from the general requirement for individuals who are age 60 or older and who have been temporarily furloughed and are subject to recall. The bill applies only to initial and reopened UI claims filed on or after July 3, 2016.

Recovery of Benefits and Penalties for Fraud

A person, for that person or another, is prohibited from knowingly making a false representation or knowingly failing to disclose a material fact in order to receive or increase a UI benefit or other payment under State law or the UI law of another jurisdiction. ***Senate Bill 90 (passed)*** alters the penalties for claimants who have been found to have fraudulently received UI benefits. Under the bill, a person who knowingly violates Maryland UI law to receive or increase a UI benefit is disqualified from receiving benefits until the Secretary of Labor, Licensing, and Regulation determines that (1) the UI benefit unlawfully received, the monetary penalty, and the interest have been paid in full or (2) in the Secretary's sole discretion, the UI benefit unlawfully received and interest are uncollectible and the claimant has paid the monetary penalty. The person is disqualified from receiving UI benefits for (1) one year if the person has had no other knowing violations within the past four years; (2) two years if the person has had knowing violations in only one of the last four years; and (3) three years if the person has had knowing violations in more than one of the last four years.

Generally, the Secretary may recover overpaid UI benefits through (1) a deduction from benefits payable to the claimant in the future (including for knowing violations), excluding the monetary penalty and interest assessed for knowing violations or (2) a civil action. ***Senate Bill 90*** also authorizes the Secretary to recover benefits through other reasonable means of collection, including those permitted under State law for the collection of debts owed to the State, or federal law. In addition, for knowing violations, recovery may no longer be made through a deduction from benefits payable to the claimant in the future unless the offset is made by another state or jurisdiction that has a cooperative agreement with Maryland authorizing collections of outstanding overpayments through the other jurisdiction's UI program.

The bill defines "knowingly" under the UI law and only applies to a fraud determination made on or after October 3, 2016.

Exemptions from Covered Employment

Employment is presumed to be covered employment under the UI law if (1) regardless of whether the employment is based on the common law relation of master and servant, the employment is performed for wages or under a contract of hire that is written or oral or express or implied and (2) the employment is performed either in the State or partly in the State, or in connection with the State, subject to specified conditions. To overcome the presumption of employment, an employer must establish that the individual performing services is either an independent contractor or is specifically exempted under the law.

Senate Bill 679 (passed) specifies that work is not covered employment when performed by a holder of a limited license to provide nail technician services who leases or otherwise agrees to the use of a chair, booth, or space from a holder of an applicable permit who operates a barbershop or beauty salon. In order for the exemption to apply, the Secretary of Labor, Licensing, and Regulation must be satisfied that (1) the holder of the license and the permit holder have entered into a written lease or other written agreement that is in effect; (2) the holder of the license pays a stipulated amount or commission to the permit holder, is not required to further account for income to the permit holder, and has certain access to the premises and ability to set work hours and prices; and (3) the lease or other agreement expressly states that the holder of the license knows of the responsibility to pay taxes and contributions to Social Security for self-employment and that the work is not covered employment.

Generally, work that a messenger service driver performs for a person who is engaged in the messenger service business is not covered employment. ***Senate Bill 777 (passed)*** alters the definition of "messenger service business" applicable to UI by repealing the requirement that the business not have an exclusive contractual delivery arrangement with an individual or a commercial establishment. One of the facts that must be met for work not to be considered covered employment when performed by a messenger service driver for a person who is engaged in the messenger service business is that the compensation must be by commission only. The bill specifies that commission includes (1) a schedule of compensation that is calculated from a percentage of revenue or some other measure of revenue that the driver generates for the messenger service business; (2) a fixed amount of compensation for the completion of a specific delivery job; and (3) a guaranteed minimum amount of compensation for the driver remaining available to provide delivery service. The bill must be construed to apply retroactively and must be applied to and interpreted to affect all determinations by the Secretary of Labor, Licensing, and Regulation of (1) rates of contributions for employing units for all calendar years beginning on or after January 1, 2013, and (2) benefit charges for UI claims for benefits based on work performed on or after January 1, 2013.

Labor and Industry

Equal Pay for Equal Work

The State's antidiscrimination law generally prohibits an employer with at least 15 employees from discharging, failing or refusing to hire, or otherwise discriminating against any individual with respect to the individual's compensation, terms, conditions, or privileges of employment because of race, color, religion, sex, age, national origin, marital status, sexual orientation, gender identity, genetic information, or disability. Regardless of employer size, under the State's Equal Pay for Equal Work law, an employer may not discriminate between employees in any occupation by paying a wage to employees of one sex at a rate less than the rate paid to employees of the opposite sex if both employees work in the same establishment and perform work of comparable character or work on the same operation, in the same business, or of the same type.

Senate Bill 481*/*House Bill 1003 (both passed) expands the Equal Pay for Equal Work law to prohibit wage discrimination based on gender identity. Additionally, an employer may not provide less favorable employment opportunities based on sex or gender identity. Providing less favorable employment opportunities means: assigning or directing the employee into a less favorable career track, if career tracks are offered, or position; failing to provide information about promotions or advancement in the full range of career tracks offered by the employer; or limiting or depriving an employee of employment opportunities that would otherwise be available to the employee but for the employee's sex or gender identity. Moreover, new provisions are established whereby an employer may not prohibit an employee from inquiring about, discussing, or disclosing the wages of the employee or another employee or requesting that the employer provide a reason for why the employee's wages are a condition of employment. If an employer knew or reasonably should have known that the employer's action violates Equal Pay for Equal Work provisions, an affected employee may bring an action against the employer for injunctive relief and to recover the difference between the wages paid to employees of one sex or gender identity who do the same type work and an additional equal amount as liquidated damages. If an employer knew or reasonably should have known that the employer's action violates newly established wage disclosure provisions, an affected employee may bring an action against the employer for injunctive relief and to recover actual damages and an additional equal amount as liquidated damages. The bills also establish a new statute of limitations regarding the filing of an action for a violation of the Equal Pay for Equal Work law. An employee may file an action no later than three years after the employee receives the last paycheck after termination of employment.

House Bill 1004 (passed) establishes an Equal Pay Commission in the Division of Labor and Industry within the Department of Labor, Licensing, and Regulation (DLLR). The commission must study specified wage disparities, establish a mechanism to collect data from employers in the State in order to evaluate wage disparities, develop a strategy to determine and recommend best practices regarding equal pay for equal work, study and recommend administrative and legal processes and remedies to streamline and harmonize employment antidiscrimination laws, partner with other private- and public-sector entities, and share data and findings with the Commissioner of Labor and Industry to assist in enforcement actions of the Equal Pay for Equal Work law. The commission must report its findings and recommendations to the

Governor and specified committees of the General Assembly by December 15, 2017, and annually thereafter.

Leave Policies

Three states, California, New Jersey, and Rhode Island, provide paid family and medical leave to employees. The programs are funded through payroll taxes and are administered by their temporary disability insurance programs. Hawaii and New York also have temporary disability insurance programs, but they do not offer paid family leave. ***Senate Bill 485/House Bill 740 (both passed)*** establishes a Task Force to Study Family and Medical Leave Insurance (FAMLI). The task force, in consultation with appropriate State and local agencies and community organizations, must study existing FAMLI programs in other states and the District of Columbia, review specified FAMLI implementation studies and a report from another task force on Temporary Disability Insurance Programs, and receive public testimony from relevant stakeholders. The task force must report its findings and recommendations to the General Assembly by December 1, 2017.

Senate Bill 472/House Bill 580 (both failed), as introduced would have required an employer with more than 9 employees to have a sick and safe leave policy under which an employee (who regularly works 8 or more hours per week) earns at least 1 hour of paid sick and safe leave, at the same rate as the employee normally earns, for every 30 hours an employee works. An employer with 9 or fewer employees would have been required to have a sick and safe leave policy that provides an employee (who regularly works 8 or more hours per week) with at least 1 hour of unpaid sick and safe leave for every 30 hours an employee works. ***House Bill 580*** was amended and passed by the House so that an employer with more than 14 employees would have to have a paid sick and safe leave policy while those with 14 or fewer employees would have to have an unpaid sick and safe leave policy. An employer would have not been required to allow an employee to earn or carry over more than 56 hours of earned sick and safe leave in a year, use more than 80 hours of earned leave in a year, accrue more than 80 hours at any time, or use earned sick and safe leave during the first 90 calendar days worked or first 480 hours worked, whichever is shorter. In addition, as passed by the House, ***House Bill 580*** established a specific procedure for resolving employee written complaints regarding violations of the bill's provisions.

Hiring and Employment Practices

All states grant some form of employment preference to veterans in the public sector, but private employers have been hesitant to favor veterans because of provisions of the Civil Rights Act of 1964 that prohibit discrimination in hiring. An exception to the federal law, however, allows preferences for veterans if they are authorized under federal, state, or local law. ***Senate Bill 245/House Bill 306 (both passed)*** authorizes an employer to grant a hiring and promotion preference to an eligible veteran, the spouse of an eligible veteran who has a service-connected disability, or the surviving spouse of a deceased eligible veteran. An eligible veteran is a veteran of any branch of the U.S. Armed Forces, including the National Guard and the military reserves, who has received an honorable discharge or a certificate of satisfactory completion of military service. The bill establishes that granting this preference does not violate any State or local Equal Employment Opportunity law.

Senate Bill 557*/*House Bill 249 (both passed) authorize a member of the Maryland National Guard whose employment and reemployment rights under State law have been violated to bring a civil action for economic damages including lost wages and benefits. The bills authorize a court to award any economic damages to which the member of the National Guard may be entitled, reasonable counsel fees and other costs, and any other appropriate relief.

Employment Wages and Benefits

State law specifies that an employee must be paid at least the greater of the federal minimum wage (which is currently $7.25 per hour) or $8.25 per hour. The Commissioner of Labor and Industry, however, may authorize a work activities center or other sheltered workshop, with a federal certificate, to pay a mentally or physically disabled employee less than the State minimum wage.

Under ***Senate Bill 417*/*House Bill 420 (both passed)***, beginning October 1, 2020, the commissioner may not authorize a center or workshop to pay a subminimum wage under any circumstances. Between October 1, 2016, and October 1, 2020, a center or workshop may continue to pay an employee with a disability a subminimum wage only if the employer already has an authorization to do so, provides specified notifications to the employee, has a supplemental plan in place, and meets other criteria specified in the bill. The supplemental plan, developed by the disabled employee's resource coordinator and other team members, must address how community integration and employment will be accomplished. In addition, beginning October 1, 2016, the commissioner may not authorize a work activities center or other sheltered workshop to pay an employee with a disability a subminimum wage unless the center or workshop was authorized to do so before that date. After October 1, 2020, a center or workshop may continue to pay a subprevailing wage authorized by federal law to an employee with a disability if the center or workshop was authorized to pay a subminimum wage before October 1, 2016, and the center or workshop maintains the federal certificate. After October 1, 2020, the Developmental Disabilities Administration may not fund providers that pay individuals subminimum wage.

Senate Bill 1007*/*House Bill 1378 (both passed) establish the Maryland Small Business Retirement Savings Program and Trust, which requires specified private-sector employers to make the program available to their employees. Employers may elect to establish alternative savings arrangements for their employees rather than participate in the program; participation in the program does not create a fiduciary obligation of the employers who do so. Employers are not liable for an employee's decision to participate or to opt out of the program or for their investment decisions, and they are not responsible for program design, administration, investment, or performance. Employers who participate in the program or otherwise offer a retirement savings arrangement to their employees as specified in the bill are exempt from the State's annual filing fee for corporations and business entities but only after the program becomes operational. For a further discussion of ***Senate Bill 1007*/*House Bill 1378***, see the subpart "Pensions and Retirement" within Part C – State Government of this *90 Day Report*.

Workforce Training

Generally, apprenticeship is a voluntary, industry-sponsored system that prepares individuals for occupations typically requiring high-level skills and related technical knowledge. Apprenticeships are sponsored by one or more employers and may be administered solely by the employer or jointly by management and labor groups. An apprentice receives supervised, structured, on-the-job training under the direction of a skilled journeyperson and related technical instruction in a specific occupation.

The Construction Apprenticeship Assistance program in DLLR, was established in 1998 to develop a well-trained, productive construction workforce which meets the needs of the State economy, but the program was never funded and implemented. ***Senate Bill 545*/*House Bill 290 (both passed)*** replace the Construction Apprenticeship Assistance program with the Apprenticeship Career Training in Our Neighborhoods (ACTION) program. The ACTION program's purposes are to develop a well-trained, productive construction workforce which meets the needs of the State's economy, to encourage employers to hire apprentices in the construction industry, and to help employers offset any additional costs associated with hiring apprentices. DLLR must administer the ACTION program and provide grants on a competitive basis to employers that employ at least one apprentice who (1) has been employed by the employer for at least seven months; (2) is engaged in a building or construction trade; (3) is enrolled in the first year of an apprenticeship program registered with the Maryland Apprenticeship and Training Council; and (4) lives in a zip code in which the poverty rate is at least 20%. The ACTION program must award grants, as provided in the State budget, to eligible employers. The bills express legislative intent that, beginning in fiscal 2017, the State budget include at least $100,000 annually for the ACTION program to provide grants to eligible employers and cover administrative costs. The amount of a grant, capped at $1,000 per eligible apprentice, must be based on the number of eligible apprentices that an eligible employer employs.

The Maryland Center for Construction Education and Innovation (MCCEI) is a public-private partnership located at Towson University that was established in 2010. MCCEI was the result of work performed by the Governor's Workforce Investment Board's (GWIB) Center for Industry Initiatives for Construction, which had convened a forum of industry stakeholders. GWIB provided MCCEI with grant funding of $225,000 in fiscal 2013, 2014, and 2015, but GWIB ended its support for MCCEI after that. ***House Bill 1404 (Ch. 34)*** establishes the Construction Education and Innovation Fund to be administered by, and support the purposes of, MCCEI. The Act requires the Governor to include $250,000 annually in the State budget for the fund beginning in fiscal 2018.

The Workforce Innovation and Opportunity Act (WIOA) was signed into federal law on July 22, 2014, replacing federal Workforce Investment Act of 1998. WIOA became effective July 1, 2015, and the State has until July 1, 2016, to conform to WIOA. WIOA is designed to help job seekers access the employment, education, training, and support services needed to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy and to consolidate various workforce training programs. ***Senate Bill 92 (passed)***,

Senate Bill 93 (passed), ***Senate Bill 94 (passed)***, and ***Senate Bill 95 (passed)*** generally relate to conforming State law to the requirements of WIOA.

Alcoholic Beverages (Statewide)

Ban on Powdered Alcohol

Palcohol is a prepackaged powder that can be dissolved in a liquid to produce an alcoholic beverage. The Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury approved labels for Palcohol, a brand of powdered alcohol, on March 10, 2015, making it legal for Palcohol to be sold in the United States. Additionally, the U.S. Food and Drug Administration has determined that the nonalcohol ingredients in Palcohol comply with agency regulations.

At the request of the Comptroller, the Maryland State Licensed Beverage Association, the Maryland Beer Wholesalers Association, and the Licensed Beverage Distributors of Maryland agreed in 2015 to a voluntary ban on the sale of powdered alcohol. Chapter 475 of 2015 temporarily prohibited a person in the State from selling or offering for sale alcoholic beverages that are sold in powder or crystalline form to be used directly or in combination with water or any other substance through June 30, 2016. ***Senate Bill 587 (passed)*** extends the ban on powdered alcohol in the State through June 30, 2018. A violator is guilty of a misdemeanor and on conviction is subject to a fine of up to $1,000.

Code Revision

Alcoholic Beverages Article

The Alcoholic Beverages Article, ***Senate Bill 724 (Ch. 41)***, is the thirty-sixth and final product of the revision of the Annotated Code of Maryland. The first revised articles were enacted at the First Extraordinary Session of 1973 and, with the enactment of the Alcoholic Beverages Article, the entire Maryland Code has been revised.

The Alcoholic Beverages Article is a formal bulk revision under the guidelines set in 1970 for each revised article, which includes improvement of organization, elimination of obsolete or unconstitutional provisions, resolution of inconsistencies and conflicts in the law, correction of unintended gaps or omissions in the law, deletion of repetitive or otherwise superfluous language, and general improvement of language and expression.

This Act revises, restates, and recodifies the laws of the State that relate to alcoholic beverages, including provisions on State and locally issued permits and licenses, general beer regulation, forfeitures, enforcement, prohibited acts, and penalties. The article is composed of two divisions. Division I of the article contains general provisions that affect multiple jurisdictions ("jurisdiction" in this article means the City of Annapolis, Baltimore City, or one of the State's 23 counties). Division II of the article contains provisions unique to individual jurisdictions and comprises 25 titles, with each title devoted to a single jurisdiction. The bill repeals in its entirety Article 2B.

Senate Bill 725 (passed) is a companion bill to ***Senate Bill 724*** that corrects cross references to the new Alcoholic Beverages Article and corrects various errors in that article.

Multiple Manufacturer's Licenses – Sampling, Sale, and Consumption of Products

There are nine different types of manufacturer's licenses: Class 1 distillery license; Class 2 rectifying license; Class 3 winery license; Class 4 limited winery license; Class 5 brewery license; Class 6 pub-brewery license; Class 7 micro-brewery license; Class 8 farm brewery license; and Class 9 limited distillery license. Generally, a manufacturing license holder may not sell or allow to be consumed at the licensed premises any product other than products produced by the license holder.

House Bill 733 (passed) authorizes the holder of multiple manufacturer's licenses at the same or different premises to allow the sampling, sales, and consumption of products produced under the licenses at each of the premises, consistent with the authorization of each license. A farm brewery license holder may apply for and obtain, under a different name, one or more additional licenses for the same or other premises. Additionally, the bill repeals prohibitions against distillery, rectifying, limited winery, and farm brewery license holders from selling or allowing to be consumed at the licensed premises any product other than products produced by the license holder.

Liquor Distillery Licenses and Permits

A Class 1 distillery license is issued by the Comptroller's Office and authorizes the establishment and operation of a plant for distilling brandy, rum, whiskey, alcohol, and neutral spirits. It also authorizes the sale and delivery of those alcoholic beverages, with specified restrictions. ***Senate Bill 410 (Ch. 68)*** repeals the gallonage limitation that allowed only those Class 1 distillery license holders that manufacture up to 27,500 gallons of product annually to sell up to three 750-milliliter bottles of product for off-sale consumption and related merchandise to persons of legal drinking age who participate in a guided tour of the licensed premises.

House Bill 1337 (passed) establishes a nonresident distillery permit and a Class 8 liquor wholesaler's license. The Comptroller's Office may issue a nonresident distillery permit to a person who does not have a nonresident dealer's permit, produces no more than 100,000 gallons of liquor annually, and is licensed to do so outside of the State. The nonresident distillery permit holder may sell and deliver the permit holder's own liquor from a location outside the State to an authorized retail license holder or permit holder in the State.

The Comptroller's Office may issue a Class 8 liquor wholesaler's license to a person that holds a Class 1 distillery license and produces no more than 100,000 gallons of liquor annually. The license authorizes the license holder to distribute not more than 27,500 gallons of its own liquor annually.

House Bill 1337 also contains provisions pertaining to Montgomery County which are discussed under Local Laws of this Part H.

Chapter 449 of 2015 established a Class 9 limited distillery license to be issued by the Comptroller only in Worcester County. A Class 9 limited distillery license authorizes the user to distill, rectify, bottle, or sell no more than 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral spirits under specified conditions. ***House Bill 1316 (passed)*** allows the Comptroller to issue a Class 9 limited distillery license in all other jurisdictions of the State. The bill also authorizes the Comptroller to issue a Class 9 limited distillery license to a Class B beer, wine, and liquor (BWL) license holder or a Class D BWL license holder in the State, if the Class B BWL or Class D BWL license authorizes sales for both on- and off-premises consumption.

Senate Bill 630 (passed) authorizes the Comptroller to grant a distillery off-site permit to a holder of a Class 1 distillery license or a Class 9 limited distillery license. The bill also authorizes the Comptroller to grant a liquor festival permit to a nonprofit organization.

Civil Action

Under common law, vendors of alcoholic beverages are not liable for the acts of intoxicated or underage customers. Through case law and statutes, most states, but not Maryland, have carved out exceptions to this common law principle in the form of "dram shop" laws. These laws allow a person to sue an alcoholic beverages licensee, such as a restaurant, bar, or liquor store, for damages incurred as a result of a patron's intoxication.

House Bill 345 and ***House Bill 1196 (both failed)*** would have authorized a person to bring a civil action for damages, other than punitive damages, against an alcoholic beverages licensee or the licensee's employee who sells or furnishes alcoholic beverages to an individual under specified circumstances.

Alcoholic Beverages

Local Bills

Allegany County

Minimum Age to Serve Liquor: Senate Bill 483 (Ch. 69) decreases the minimum age to serve liquor in Allegany County from age 21 to age 18, making the minimum age to serve liquor consistent with the minimum age to serve beer and light wine.

Sunday Sales for Class A Licenses: Senate Bill 736/House Bill 994 (both passed) authorize a holder of a Class A beer license; a Class A beer and light wine (BW) license; or a Class A beer, wine, and liquor (BWL) license to sell alcoholic beverages consistent with the license classification on Sundays from 11 a.m. to midnight after paying an additional $250 fee. The bills also authorize the Board of License Commissioners to issue a 2-day Sunday sales permit to a holder of a Class A beer license, a Class A BW license, or a Class A BWL license under specified circumstances.

Sunday Sales: Senate Bill 878/House Bill 995 (both passed) alter the hours of sale, from 1 p.m. to 2 a.m. the following day to 11 a.m. to 2 a.m. the following day, for a holder of a Class D beer license, a Class D BW license, a Class B BWL license, and a Class D BWL license under specified circumstances. The bills also alter the hours of sale, from 1 p.m. to 2 a.m. the following day to 11 a.m. to 2 a.m. the following day, for a 2-day Sunday sales permit purchased by a holder of a Class D beer license, a Class D BW license, a Class B BWL license, and a Class D BWL license under specified circumstances.

Anne Arundel County

Disposition of Fees: Senate Bill 175/House Bill 238 (both passed) require the Board of License Commissioners to remit all collected fees, including a specified $200 administrative hearing fee, to the Comptroller's Office, instead of to the county government. The Comptroller's Office must use the collected fee revenue to approve and remit to the county the amount necessary to pay the salaries and benefits of the board and its employees and to pay the expenses of the board. The remaining balance must then be remitted to the county at the end of each fiscal year for the general purposes of the county.

Licenses: House Bill 642 (Ch. 110) allows a Class BLX license holder to obtain a music, entertainment, dancing, outdoor, or outdoor entertainment permit. The Act also allows a Class BLX license holder to obtain a second or third license for use in a restaurant if the restaurant is located in a shopping center with a gross area of at least 1,000,000 square feet and it is zoned MXD-C (Mixed Use Commercial) by the county. The Act also exempts the Class BLX Deluxe Restaurant license from a distance restriction related to schools and places of worship. Finally, the Act specifies that the general limit of one alcoholic beverage license for a license holder does not apply to hotel-limited service (on-sale) licenses in Anne Arundel County.

Beer and Wine Festivals: Senate Bill 852 (passed) expands the scope of the beer and wine festival (BWF) license authorizing by the Board of License Commissioners to issue the license for use at any festival that the board approves. The bill also authorizes the license to be issued to a nonprofit organization if specified conditions are met, and specifies that the holder of a BWF license may sell beer or wine at a festival without holding a State-issued nonprofit beer festival permit or State-issued nonprofit wine festival permit.

Baltimore City

Pub Crawl Promoter's Permit: House Bill 1068 (passed) establishes a pub crawl promoter's permit that authorizes individuals, for-profit organizations, and nonprofit organizations to publicize, sell tickets for, organize, operate, produce, or stage a pub crawl. The application fee is $50, the permit fee is $120, and all participating license holders must pay a $100 participation fee. The Board of License Commissioners may adopt regulations establishing the requirements for conducting a pub crawl, including public notice requirements at the premises of participating license holders. Before being issued the promoter's permit, an applicant must obtain a special event permit from the Baltimore City Department of Transportation. A person who publicizes, organizes, operates, produces, facilitates, sells tickets for, or stages a pub crawl who has knowledge or reason to know that a pub crawl promoter's permit has not been obtained is subject to a fine of not less than $1,000 and not more than $3,000, a license suspension, or both. The board may not grant a promoter's permit for at least one year to any license holder in violation of the permit requirement.

Licenses: Senate Bill 561/House Bill 1210 (both passed) establish a Class D beer license and authorize its issuance and transfer in a specified area. The bills also decrease the percentage of total daily receipts of a Class B BWL license holder that must be from the sale of food from 65% to 51%. The bills authorize the Board of License Commissioners to issue a Class C BWL liquor license in several areas of the city and to transfer one Class B-D-7 license from a specified location to another specified location. The bills also alter the areas for which the board may transfer a license for use in buildings within 300 feet of a church or school. Finally, the bills alter the expiration date for all alcoholic beverages licenses that are due to expire on April 30, 2016, to expire on May 31, 2016, and, if renewed, will expire on April 30, 2017.

Board of License Commissioners – Members, Terms, and Appointment: Senate Bill 1159 (Ch. 26) requires the Governor to fill a vacancy on the Board of License Commissioners within 15 days. When evaluating an applicant for board membership, the Governor must consider the need for geographic, political, racial, ethnic, cultural, and gender diversity on the board. The Act adds, however, that if the Governor does not appoint and the Senate does not confirm four members to the board by April 12, 2016, the Governor's board appointment and removal powers will be repealed and granted to the mayor and president of the City Council of Baltimore City. In fact, no appointments were made by the Governor by April 12, 2016, and the appointment and removal powers now rest with the mayor and president of the city council.

Baltimore County

Racetrack License: House Bill 1644 (passed) authorizes the Board of License Commissioners to transfer one Class B or Class D BWL license from Election District 15 to a specified location in Election District 8 at the Maryland State Fairgrounds owned by the Maryland State Fair and Agricultural Society. The license transferred must be converted to a Class B minimum square foot (MSF) (on-sale) BWL license. The issuance and renewal requirements, MSF area requirement for food and beverage preparation and consumption, and hours and days of sale for the Class B (MSF) license are the same as those provided for a Class B BWL (on-sale) hotel and restaurant license.

Calvert County

Beer or Wine Festival License: Senate Bill 624/House Bill 1156 (both passed) modify the scope of the existing special wine festival license to establish a special BWF license. The fee for the license is $15. The Board of License Commissioners may issue a license to a holder of an existing retail alcoholic beverages license that authorizes the sale of beer or wine, holders of specified licenses, or to a nonprofit organization. The board may approve up to four weekends each year for each applicant and must approve the location for the festival.

Special Event Festival Permit: House Bill 1353 (passed) lowers the requirement that an applicant for a special event festival BWL permit demonstrate a reasonable expectation of attracting a minimum number of customers to the special event from 750 to 250 customers.

Caroline County

Refillable Container Permit: House Bill 549 (Ch. 108) authorizes the Board of License Commissioners to issue a refillable container permit for draft beer to the holder of a Class B or Class H license. The annual permit fee is $500. The hours of sale for a refillable container permit begin at the same time as the applicant's alcoholic beverages license and end at midnight.

Carroll County

Beginning Hours of Sale: Senate Bill 677/House Bill 737 (both passed) alter the hours during which holders of various BW and BWL licenses may sell or provide alcoholic beverages for on- or off-premises consumption as described in **Exhibit H-1**.

Exhibit H-1
Hours of Sale in Carroll County

License	Current Hours	Revised Hours
Class B BW 7-day	On-premises Monday-Saturday 8 a.m. to 1 a.m. the following day, and Sunday 11 a.m. to 1 a.m. the following day Off-premises Monday-Saturday 8 a.m. to 11 p.m., and Sunday 11 a.m. to 11 p.m.	On-premises Monday-Sunday 8 a.m. to 1 a.m. the following day Off-premises Monday-Sunday 8 a.m. to 11 p.m.
Class D BW 7-day	Monday-Saturday 6 a.m. to midnight Sunday 11 a.m. to 11 p.m.	Monday-Saturday 6 a.m. to midnight Sunday 8 a.m. to 11 p.m.
Class B BWL	Monday-Saturday 8 a.m. to 1 a.m. the following day, and Sunday 11 a.m. to 1 a.m. the following day	Monday-Sunday 8 a.m. to 1 a.m. the following day
Class C BWL	Monday-Saturday 8 a.m. to 1 a.m. the following day, and Sunday 11 a.m. to 1 a.m. the following day	Monday-Sunday 8 a.m. to 1 a.m. the following day
Class H BWL	Monday-Saturday 8 a.m. to 1 a.m. the following day, and Sunday 11 a.m. to 1 a.m. the following day	Monday-Sunday 8 a.m. to 1 a.m. the following day

Source: Department of Legislative Services

Beer, Wine, and Liquor Tasting License: House Bill 791 (Ch. 120) establishes a BWL tasting license. The Board of License Commissioners may issue the license to a holder of a

BWL license. The license authorizes the holder and the holder of a solicitor's permit to allow the consumption of beer, wine, and liquor for tasting by a customer or an employee of the license holder, if the customer or the employee is not charged. The board is required to regulate specified aspects of the tasting license. The annual license fee is $150.

Cecil County

Licenses: Senate Bill 958/House Bill 1071 (both passed) authorize the Comptroller to issue a Class 7 micro-brewery license to a holder of a Class B BWL (on-sale) license or a Class D BWL license in Cecil County. The hours and days of sale are the same as those of a Class D license. For a holder of a Class D BWL license that also holds a Class 7 micro-brewery license, the board may determine the required ratio of gross receipts from the sale of food to the gross receipts from the sale of alcoholic beverages. The bills also repeal the authority of the Board of License Commissioners to issue a Class B BWL license to the owner of a hotel that meets specified requirements, but retains the authority to issue a Class B BWL license to a restaurant.

Charles County

Entertainment Concessionaire and Entertainment Facility Licenses: Senate Bill 687/ House Bill 706 (both passed) authorize the Board of License Commissioners to issue (1) an entertainment concessionaire license and (2) an entertainment facility license. The annual fee for the entertainment concessionaire license is $5,000, and the annual fee for the entertainment facility license is $15,000. The annual fee for both licenses is required to be paid on or before May 1 of each year.

City of Annapolis

Refillable Container Permit for Draft Beer: Senate Bill 649 (passed) authorizes the Board of License Commissioners to issue a refillable container permit for draft beer to the holder of a Class E license.

Dorchester County

Class B Beer, Wine, and Liquor License, Minimum Seating Requirements: Senate Bill 530 (Ch. 72) reduces the minimum seating requirement for the issuance of a Class B BWL license to a restaurant, motel, or hotel from 50 to 25.

Frederick County

Theater License: Senate Bill 699/House Bill 840 (both passed) rename the Class C (Maryland Ensemble Theater) on-sale beer and wine license to be a Class C (theater) license and expands eligibility to include any theatre that seats 200 or fewer individuals per performance. The bills also rename the Class MEC (micro-brewery/entertainment center) license to be a Class EC (entertainment center) license and authorize the board to issue the license to a person for use in conjunction with a Class B BWL license in addition to a Class 7 microbrewery license. The bills clarify that a holder of a Class EC license may sell, for on-premises consumption, (1) malt beverages that are brewed in the license holder's micro-brewery, if the license holder also holds a Class 7 micro-brewery license or (2) beer, wine, and liquor, if the license holder also holds a Class B BWL license.

Hotel Lobby License: House Bill 841 (Ch. 126) establishes a hotel lobby license and authorizes the Board of License Commissioners to issue the license to a hotel that does not have a restaurant. The license fee is $100. The license authorizes the holder to sell beer and wine by the bottle from a store in the hotel lobby to patrons of the hotel for on-premises consumption. Alcohol may be sold (1) on Monday through Saturday, from 6:00 a.m. to 2:00 a.m. the following day and (2) on Sunday from 11:00 a.m. to 2:00 a.m. the following day.

Art Gallery Beer and Wine License: Senate Bill 696/House Bill 842 (both passed) authorize the Board of License Commissioners to issue an art gallery beer and wine license in their respective counties to a nonprofit or for-profit retail business engaged in the display and sale of original artwork or copies of original artwork that are reproduced no more than 300 times, by an artist or group of artists. A business that displays and sells commercially prepared or mass-produced artistic products may not be issued the license. The annual license fee is $100. The license authorizes the licensee to sell or serve beer and wine at retail for on-premises consumption when snacks are served. Beer and wine may be provided during normal business hours but no later than midnight. The license may not be transferred to another location.

Beauty Salon License: House Bill 843 (Ch. 127) authorizes the Board of License Commissioners to issue a beauty salon BW license to a holder of a beauty salon permit. The annual license fee is $100. The license authorizes the licensee to provide up to five ounces of beer or wine by the glass for on-premises consumption by a beauty salon customer during specified cosmetology services and fundraising events for which a permit has been issued. The license may not be transferred to another location. Beer and wine may be provided during normal business hours but no later than 9 p.m. License holders are subject to specified alcohol awareness training requirements.

Absence From Licensed Premises: House Bill 844 (Ch. 128) expands the reasons that an individual certified by an approved alcohol awareness program may be absent from the licensed premises to include a personal or business reason, in addition to an emergency, if (1) the personal or business reason meets standards set in regulation by the Board of License Commissioners; and (2) the absence is for less than two hours.

Refillable Container permits: Senate Bill 860/House Bill 1031 (both passed) authorize the Board of License Commissioners to issue a refillable container permit for draft beer or wine to the holder of a Class A or Class B alcoholic beverages license. The annual permit fee is $50.

Dry Election Districts Repeal: House Bill 1109 (Ch. 133) repeals restrictions that prohibit the Board of License Commissioners from issuing specified alcoholic beverages licenses in specified election districts. The Act authorizes the board to issue any license authorized in the county to a location in the county, regardless of the election district, so long as a public hearing is held.

Garrett County

Sunday Sales: Senate Bill 682/House Bill 1028 (both passed) submits to a referendum in election districts or precincts of election districts 2, 3-1, 12, and 16 in the county, at the November 2016 general election, a question of whether to authorize specified Sunday sales of alcoholic beverages for off-premises consumption in the applicable district or precinct. The bill also submits to a referendum in election districts or precincts of election districts 4, 8-1, 8-2, 13, and 14-2, at the November 2016 general election, a question of whether to authorize specified Sunday sales of alcoholic beverages for on- and off-premises consumption in the applicable district or precinct. The Board of License Commissioners must provide, by December 1, 2016, a complete list of all election districts and precincts in the county in which Sunday sales of alcoholic beverages are authorized.

Various Licenses: Senate Bill 879/House Bill 1072 (both passed) establish numerous 7-day alcoholic beverages licenses and set both annual and one-time new license issuing fees. The bills also exempt from a specified hearing requirement an application for a Class C multiple-day beer license; BW license; or BWL license, if (1) the license holder anticipates attendance of fewer than 500 individuals at the event; and (2) the board has approved a license for the license holder in the prior year.

Harford County

Movie Theater License: Senate Bill 795/House Bill 892 (both passed) establish a Class MT (movie theater) BWL license. To be eligible for the license, the owner of a movie theater must provide documentation to the board that the owner has made an investment of at least $250,000 in the theater. Under the license, beer, wine, and liquor may only be served in single-serve containers from a counter separate from a counter serving candy, popcorn, and nonalcoholic beverages. A movie theater for which a license is issued is subject to a specified alcohol awareness training requirement, and is required to offer food, other than candy and popcorn. The license holder may sell beer and wine for on-premises consumption from 4 p.m. to midnight on the days that the movie theater is open. The annual license fee is $500.

Business Establishments Near Schools: House Bill 969 (passed) authorizes the Board of License Commissioners to issue a license to an establishment anywhere in the county, if the establishment is not located within 300 feet of a public or private school. The bill decreases the minimum distance requirement for areas outside of a municipality in the county from 1,000 feet.

Community College License: Senate Bill 916/House Bill 1051 (both passed) establish a Class CC (community college) BW license in the county and authorizes the Board of License Commissioners to issue the license to officers of a community college for use on enclosed parts of the campus that are (1) owned by the community college; and (2) used and equipped to promote or host events. The license holder may sell beer and wine at events held on campus on a maximum of 25 days per year. The license holder may not sell beer or wine at a student sporting event or an event sponsored by students. The annual fee is $1,500.

Howard County

Licenses for Luxury Restaurants and Farm Breweries: House Bill 632 (passed) authorizes the Comptroller to issue a Class 8 farm brewery license to a license holder that holds no more than two Class B and no more than seven Class BLX BWL licenses. The bill decreases, from seven to six, the number of Class BLX (luxury restaurant) (on-sale) BWL licenses that may be issued to an individual or a person who also holds two Class B (on-sale) BWL licenses, and also decreases, from nine to eight, the total number of Class BLX (luxury restaurant) (on-sale) BWL licenses that may be issued to one individual or person.

Class D Beer, Wine, and Liquor Licenses: House Bill 654 (passed) requires an applicant for a Class D BWL on- and off-sale 7-day license to attest that gross receipts from the sale of food will be at least equal to 20% of the gross receipts from the sale of food and alcoholic beverages. The bill also requires an applicant, before each license renewal, to attest that gross receipts from the sale of food for the 12-month period immediately prior to the application for renewal were at least equal to 20% of the gross receipts from the sale of food and alcoholic beverages. In addition, the bill allows a holder of a Class D license to employ an individual who is at least 18 years old to sell or serve beer and wine.

Class D Licenses: House Bill 655 (passed) adds a Class D on- and off-sale BWL license to two groups of licenses, one of which, but not both, may be issued by the Board of License Commissioners to an individual or for the use of a person. The bill also clarifies that the licenses are for separate premises.

Continuing Care Retirement Community License: House Bill 1090 (Ch. 130) alters the requirements to be issued or have renewed a Class C (continuing care retirement community) BWL license. The Act also authorizes residents of a continuing care retirement community and their guests to consume beer, wine, and liquor not purchased from the Class C (continuing care retirement community) license holder under specified circumstances.

Montgomery County

Class BD-BWL License Hours of Sale: House Bill 1029 (passed) makes numerous changes to the Class BD-BWL license. The bill (1) expands the on-premises hours of sale for a Class BD-BWL license as shown in **Exhibit H-2**; (2) authorizes the Board of License Commissioners to issue a caterer's license to the holder of a Class BD-BWL license; and (3) specifies that the 10-license limit on Class B licenses in Montgomery County includes not more than one Class BD-BWL license.

Exhibit H-2
On-premises Hours of Sale for Class BD-BWL Licenses
Current Law and Under the Bill

Day of the Week	Current Law	The Bill
Monday	10 a.m. to 2 a.m. the following day	9 a.m. to 2 a.m. the following day
Tuesday	10 a.m. to 2 a.m. the following day	9 a.m. to 2 a.m. the following day
Wednesday	10 a.m. to 2 a.m. the following day	9 a.m. to 2 a.m. the following day
Thursday	10 a.m. to 2 a.m. the following day	9 a.m. to 2 a.m. the following day
Friday	10 a.m. to 2 a.m. the following day	9 a.m. to 3 a.m. the following day
Saturday	10 a.m. to 2 a.m. the following day	9 a.m. to 3 a.m. the following day
Sunday	10 a.m. to 2 a.m. the following day	10 a.m. to 2 a.m. the following day (10 a.m. to 3 a.m. the following day when the following day is a specified federal holiday)

Source: Department of Legislative Services

Purchase from the Department of Liquor Control – Exception for Wholesalers: House Bill 1033 (failed) would have authorized the governing body of the county to enable (1) a licensed wholesaler to sell and distribute beer and wine products that are not purchased from the Department of Liquor Control (DLC); and (2) DLC to classify which beer and wine products may be sold and distributed in the county by a private licensed wholesaler.

Distance from Places of Worship, Schools, and Youth Centers: House Bill 1064 (passed) repeals the prohibition on the Board of License Commissioners from issuing a license to an establishment within certain distances from a place of worship, elementary or secondary school, or youth center sponsored or operated by a governmental unit.

License Applications – Online Notice: House Bill 1073 (passed) authorizes the Board of License Commissioners to fulfill a notice requirement related to applications for alcoholic beverages licenses by posting a completed application online at least 14 days prior to the application hearing date instead of publishing the notice in local newspapers.

Sports Stadium Licenses: House Bill 1076 (passed) establishes a license for use in a sports stadium that (1) has a minimum capital investment of $2.0 million, not including the cost of land; (2) serves as a venue for professional sports events; and (3) has a seating capacity of 2,000 persons, as established by the county fire marshal. The annual license fee is $2,000.

Manufacturer's and Wholesaler's Licenses and Permits: As discussed in subpart "Alcoholic Beverages (Statewide)," within this part of this *90 Day Report,* ***House Bill 1337 (passed)*** establishes a nonresident distillery permit and a Class 8 liquor wholesaler's license. In addition, the bill gives the permit and license special privileges in the county. A dispensary, restaurant, or other retail dealer authorized to sell liquor in the county may purchase liquor from a nonresident distillery permit or a Class 8 liquor wholesaler's license holder instead of the county DLC, and a nonresident distillery permit or a Class 8 liquor wholesaler's license holder may sell or deliver its own liquor directly to those establishments.

Laytonsville – Alcoholic Beverages Licenses: House Bill 1074 (passed) alters the restriction on the licenses that may be issued for use in the town of Laytonsville so that the two licenses allowed may be any combination of Class B (on-sale) BWL or Class H (on-sale) BW hotel and restaurant licenses.

Prince George's County

Class B-WPL (Waterfront Pavilion) Beer, Wine, and Liquor License: House Bill 1020 (passed) establishes a Class B-WPL (waterfront pavilion) license and authorizes the Board of License Commissioners to issue the license to an establishment in a pavilion located at a waterfront entertainment retail complex as defined in local law. The license authorizes live entertainment throughout the licensed premises and the sale of beer, wine, and liquor at retail for consumption on premises from 6 a.m. to 2 a.m. the following day. The board may issue no more than three B-WPL licenses. The license fee is $500 per month for a period of three to six months.

Licenses, Notice Requirements, and Loitering Enforcement: House Bill 1021 (passed) requires the Board of License Commissioners to maintain a comprehensive database of loitering arrests and citations issued by local law enforcement after obtaining the data from appropriate law enforcement agencies. The board is authorized to impose a fine on license holders for three or more loitering violations in a 12-month period and must include a record of the fines imposed in the comprehensive database. The bill also expands public hearing notice requirements for the board.

The bill requires the board to implement enhanced meeting notice rules for public meetings regarding the issuance, transfer, or protest of a license renewal. The requirements include posting a notice of the date, time, and location of the hearing as soon as practicable after the hearing is scheduled, to specified municipalities, civic organizations, homeowners' associations, and condominiums.

The bill authorizes specified license conversions, alters license fees, and alters the hours of sale for specified licenses. The bill also alters the number of licenses that may be issued in the county, and authorizes the issuance of 13 Class B-DD (Development District) licenses for restaurants in certain locations. The bill also authorizes the issuance of Sunday off-sale permits to holders of Class A BWL licenses on or after January 1, 2016.

Entertainment Concessionaire and Facility Licenses: House Bill 1069 (passed) establishes an entertainment facility (EF) license and an entertainment concessionaire (EC) license. Each license permits the sale of beer, wine, and liquor within the video lottery terminal facility. The hours of sale for the EF and EC license are the same as the hours of operation for a video lottery facility established under State law. The EF annual license fee is $22,000; the EC annual license fee is $5,000.

Board of License Commissioners Budget and Funding: House Bill 1135 (passed) requires the county executive and the county council to recognize the Board of License Commissioners as a "public safety" agency for purposes of the annual budget. The county council is authorized to include in the annual budget up to $50,000 for software and mobile device modernization. The county executive and county council are required to establish and distribute $300,000 of revenue collected for license fees to an Alcoholic Beverages Capital Investment and Modernization Fund to be used by the board to purchase equipment and software for modernization. The board must use the fund to purchase mobile devices for enforcement staff and software and devices for data integration before the provisions related to the fund terminate on December 31, 2016.

Development District Licenses and Sunday Off-sale Permits: House Bill 1311 (passed) authorizes the Board of License Commissioners to issue (1) up to five Class B-DD (Development District) licenses to restaurants located within the Riverdale Park Station area; (2) up to two Class B-DD licenses to restaurants located within a specified area of Riverdale Park Town Center; and (3) five Sunday off-sale permits to holders of a Class B BWL license with an off-sale privilege that acquired the license on or after January 1, 2016. The bill also requires the board to waive the reinvestment requirement for Class B BWL license holders that meet specified conditions. The bill increases from 100 to 105, the maximum number of Sunday off-sale permits that may be in effect at any one time.

St. Mary's County

Permits, Training, Prohibited Acts, and Violations: Senate Bill 1015/House Bill 1062 (both passed) make multiple changes to provisions governing alcoholic beverages licenses. The bills establish a beer and wine tasting (BWT) permit and alter, from three ounces to two ounces, the maximum serving size of each offering of beer under a Class beer and wine tasting or sampling license. The bills require specified license holders to attend Responsible Alcohol Service Training and authorize the board to impose a fine of up to $500 on an employee of a licensee for selling alcoholic beverages to an individual under age 21. The bills also authorize the board to revoke or suspend the license of a person the board finds to have violated the law relating to licensing the sale of alcoholic beverages, in addition to imposing a civil penalty of up to $1,000.

Washington County

Local Penalties: House Bill 779 (Ch. 118) authorizes the Board of License Commissioners to issue a fine not exceeding $200 to an employee of a licensee who sells or provides alcoholic beverages to an individual under the age of 21.

Class CT (Cinema/Theater) License: Senate Bill 877/House Bill 1320 (both passed) establish a Class CT (cinema/theater) (on-sale) BWL license. The bills authorize the Board of

License Commissioners to issue the license for use in a cinema or theater that is in a building primarily designed to show movies to the public, has a capacity to hold at least 100 permanent seats, and has a minimum of six movie theater rooms. The holder may sell alcoholic beverages on Thursdays in the lobby for 45 minutes before the movie starts and in a VIP room for 45 minutes before the movie starts, as well as during the movie. The license holder is required to obtain a crowd control training certificate from a board-certified program and, while serving alcoholic beverages, have one certified crowd control manager on premises for every 250 individuals present. One individual who has completed a certified alcohol awareness program, as required by the State, must be on premises at all times when alcohol is being served. The annual license fee is $1,000. The bills terminate October 1, 2017.

Population Ratio Quota Classes of Licenses: Senate Bill 1076 (passed) specifies the types of licenses that the Board of License Commissioners is prohibited from issuing in an election district if the number of licenses exceeds the population ratio quota. The bill also clarifies that the board may issue specified licenses that would otherwise violate the population ratio quota in an election district if the board determines that there is a public need and desire for a license. Finally, the bill reduces the minimum seating capacity required for a Class B on- and off-sale license from seating for 75 to 50 persons, in line with the requirement for a Class B on-sale license.

License Renewal Procedures: Senate Bill 1077 (passed) makes multiple changes to license renewal procedures. The bill requires that the application and required documents to renew an annual license be filed between April 1 and June 15, inclusive. A license holder who files an application on or between June 16 and June 30 is subject to a penalty of $50 for each day of violation. The bill requires that a license renewal application be accompanied by specified documentation; authorizes the Board of License Commissioners to issue renewed licenses for the following license year between June 15 and July 1, inclusive; and requires all renewed licenses to be dated July 1.

Class A Beer, Wine, and Liquor License Fee: Senate Bill 1078 (passed) increases, from $300 to $600, the annual license fee for a Class A BWL license.

Hotel and Motel Licenses: Senate Bill 1079 (passed) alters the requirements for a Class B BWL license issued to a hotel or motel. The bill also limits the license to on-sale privileges only and authorizes the Board of License Commissioners to adopt specified regulations. The board may issue the license to the owner of a hotel or motel that meets specified requirements.

Wicomico County

Youth and Civic Center License: Senate Bill 1140 (passed) establishes a Class B Youth and Civic Center license. The Wicomico County Board of License Commissioners may issue a license to a designee of the county executive for use at the Wicomico Youth and Civic Center (WYCC). During the term of the license, WYCC must maintain a kitchen, dining space, and meeting space. The license authorizes the license holder to sell beer, wine, and liquor for on-premises consumption to individuals attending a youth and civic center event. The hours of sale are the same as a Class B BWL license, and the annual license fee is $1,500.

Worcester County

Refillable Container Permit Draft Beer: Senate Bill 130 (Ch. 50) authorizes the Board of License Commissioners to issue a refillable container permit for draft beer to the holder of a Class B or Class D alcoholic beverages license. The annual permit fee is $500.

Class A Beer, Wine, and Liquor License: Senate Bill 967/House Bill 697 (Chs. 113 and 112) establishes a Class A BWL license and authorizes the Board of License Commissioners to issue a Class A BWL license in accordance with specified requirements. The hours of sale are 6 a.m. to 2 a.m. the following day, Monday through Sunday. The annual license fee is $4,500.

Part I
Financial Institutions, Commercial Law, and Corporations

Financial Institutions

Commissioner of Financial Regulation

Over the past 20 years, the number and type of nonbank actors involved in financial services, particularly lending, have increased significantly. As a result, the General Assembly passed licensing statutes that brought many nonbank actors, including persons engaged in the businesses of money transmission and debt management services, under the jurisdiction of the Commissioner of Financial Regulation. The General Assembly also provided the commissioner with examination authority over many of the licensing categories.

The goal of an examination is to identify the nature, severity, and cause of problems and to develop corrective measures to prevent deterioration of capital in the case of banks or consumer harm in the case of nonbank licensees. As part of the examination process, banks and other licensees must make their books and records available for review, as well as engage in informal discussion with examiners during the course of an examination. For an examination to be successful, the flow of information, both written and verbal, between the licensee and the commissioner must be open and frank. Because only bank and credit union examinations are subject to specific confidentiality law beyond the Maryland Public Information Act, the effectiveness of licensee examinations has been limited.

House Bill 188 (passed) expands the scope of confidentiality pertaining to information obtained in the exercise of the commissioner's examination authority beyond banking institutions and credit unions to include all persons required to be licensed by the commissioner. The bill clarifies that subsequent disclosure by any person in possession of the information is subject to the confidentiality provisions of the bill and is expressly prohibited without the commissioner's prior written consent.

The bill establishes that a person, including the commissioner and an employee of and the attorney for the commissioner's office, may not disclose any information obtained or generated in the exercise of the commissioner's authority to examine licensed persons, banking institutions, and credit unions. The commissioner may disclose such information, however, when, among other situations (1) performing a public duty to report on or take special action; (2) testifying as a witness in a criminal proceeding; or (3) providing information to any state or federal agency having supervisory authority.

The bill also clarifies that the commissioner may enter into information sharing agreements, or exchange information, with other governmental agencies, as long as the agencies are prohibited from disclosing any shared information without the prior written consent of the commissioner. Finally, all information disclosed to any person, as permitted, remains the property of the commissioner and may not be further disclosed by any person without the prior written consent of the commissioner.

The Consolidation of Nondepository Special Funds

Senate Bill 88 (passed) combines three special funds, the Mortgage Lender-Originator Special Fund, the Debt Management Services Special Fund, and the Money Transmission Special Fund, into a single new special fund, the Nondepository Special Fund. All revenues remain the same under one consolidated special fund as they currently exist for the three separate funds. No changes to any licensing or other fees occur from this change, and fines and penalties collected by the Commissioner of Financial Regulation continue to be paid into the general fund.

Senate Bill 471/House Bill 1450 (both passed) consolidate revenues from the regulation of debt settlement services providers into the new Nondepository Special Fund established by ***Senate Bill 88***. The bills also repeal the termination date of the Maryland Debt Settlement Services Act. For a more detailed discussion of this issue, see the subpart "Commercial Law" within this part of this *90 Day Report*.

Mortgage Loan Originators – Criminal History Records Check

Mortgage loan originators are required to undergo national and State criminal history records checks as part of the licensing process. Within Maryland, applicants can submit fingerprints electronically at approved sites. Applicants outside of Maryland must submit fingerprints by mail to the Criminal Justice Information System Central Repository of the Department of Public Safety and Correctional Services. According to the Department of Labor, Licensing, and Regulation (DLLR), the State criminal history records check can be particularly burdensome for out-of-state applicants, who must submit fingerprints by hard copy through the mail. Out-of-state licensees comprise more than 70% of all mortgage loan originators licensed in Maryland. In contrast, the national criminal history records check is generally performed electronically through the Nationwide Mortgage Licensing System and Registry, and results typically are released within 48 hours of submission.

According to DLLR, a majority of states, including Pennsylvania, Virginia, North Carolina, and Massachusetts, do not require separate state criminal history records checks. These states instead rely solely on national criminal history records checks. ***Senate Bill 87***

(passed) repeals the requirement of a State criminal history records check for persons applying for a mortgage loan originator license. A national criminal history records check is still required.

Commercial Law – Generally

Debt Settlement Services

Chapters 280 and 281 of 2011 enacted the Maryland Debt Settlement Services Act to regulate the business of providing debt settlement services in the State. A debt settlement service is defined as any service or program represented, directly or by implication, to renegotiate, settle, reduce, or in any way alter the terms of payment or other terms of a debt between a consumer and one or more unsecured creditors or debt collectors, including a reduction in the balance, interest rate, or fees. The Maryland Debt Settlement Services Act (1) prohibits a person from offering, providing, or attempting to provide debt settlement services unless the person is registered with the Commissioner of Financial Regulation or exempt from registration and (2) establishes a registration process, exemptions from registration, various consumer protections including limits on the fees that may be charged for services and disclosures that must be included in a debt settlement services agreement, and penalties for violations of the Act.

Chapters 280 and 281, as amended by Chapters 276 and 277 of 2014, also required (1) each registered debt settlement services provider to report to the commissioner, on or before March 15 of each year beginning in 2012 and ending in 2015, on the debt settlement services business conducted by the registrant during the preceding calendar year and (2) the commissioner, in consultation with the Consumer Protection Division of the Office of the Attorney General, to report on or before December 1, 2015, to specified legislative committees on recommendations regarding changes to the Maryland Debt Settlement Services Act. The commissioner and division issued a report on the Maryland Debt Settlement Services Act early in 2016.

According to the report issued by the commissioner and division, as of 2015, 30 debt settlement services providers were registered with the commissioner. About 20% of the registered providers are located within the State, and the remaining 80% are foreign corporations authorized to do business in the State. From fiscal 2012 through 2015, registrants serviced an average of 2,750 Maryland consumers each year. From fiscal 2013 through 2015, the division received nine complaints from Maryland consumers relating to the practice of debt settlement services. All of the complaints alleged misrepresentation of the debt settlement services agreement and charging excessive fees; however, 89% of the complaints were filed against providers that were not registered in the State or entities that are exempt from registration. The commissioner and the division agreed that a licensing requirement was not warranted, but they disagreed as to whether a limit on debt settlement services fees should be established. The commissioner recommended against continuing the registration requirement but advised that, if registration were to continue, a registrant should not be required to continue to file an annual report.

Senate Bill 471/House Bill 1450 (both passed) repeal the termination date of the Maryland Debt Settlement Services Act, making the registration of debt settlement services providers a permanent requirement in the State. The bills require specified revenues received under the Act to be credited to the Nondepository Special Fund, contingent on the enactment of ***Senate Bill 88 (passed)***, which establishes that new consolidated special fund. Revenues from fines and penalties, however, must be paid into the general fund. ***Senate Bill 471/House Bill 1450*** do not limit debt settlement service fees or repeal the statutory requirement that a registrant file an annual report.

Commercial Law – Consumer Protection

Nondisparagement Clauses in Consumer Contracts

According to the advocacy news outlet *The Consumerist*, companies are more frequently including provisions known as "nondisparagement clauses" in their terms of service or in other provisions of consumer contracts. The clauses are intended to prevent a customer from leaving a critical review, especially in an online forum or online review site such as www.amazon.com. ***House Bill 131 (Ch. 96)*** prohibits a contract or a proposed contract for the sale or lease of consumer goods or services from including a provision waiving the consumer's right to make any statement concerning (1) the seller or lessor; (2) employees or agents of the seller or lessor; or (3) the consumer goods or services themselves.

A person may not seek enforcement of specified contract provisions, threaten reprisals, or penalize a consumer for making any statement protected under the Act. In addition, a waiver of any provision of the Act is contrary to public policy and is void and unenforceable. The Act clarifies that it is not intended to prohibit or limit a person (1) that hosts online consumer reviews or comments from removing a statement that is otherwise lawful to remove; (2) from including in a contract or a proposed contract for the sale or lease of consumer goods or services a provision prohibiting a consumer from disclosing proprietary information, techniques, or processes; or (3) from bringing an action alleging defamation.

A violation of the Act is an unfair and deceptive trade practice under the Maryland Consumer Protection Act (MCPA) and is subject to MCPA's civil and criminal penalty provisions.

Asset Recovery for Exploited Seniors Act

Current law prohibits a person from knowingly and willfully obtaining, by deception, intimidation, or undue influence, the property of an individual that the person knows or reasonably should know is at least age 68, or is a vulnerable adult, with intent to deprive the individual of the individual's property. Penalties for the offense vary based on the value of the property, with the lowest penalty being a misdemeanor punishable by up to 18 months in prison, a $500 fine, or both. Despite the criminal penalties for financial exploitation of a vulnerable adult, many victims do not recover their property through criminal restitution. Although victims may bring a civil action to recover property taken by offenders, victims often do not file a civil action because of a lack of resources and the possibility that the offender is a close family member or other relative.

House Bill 718 (Ch. 114) authorizes the Division of Consumer Protection in the Office of the Attorney General (OAG) to bring a civil action for damages against a person who violates the State's prohibitions on exploitation of a vulnerable adult on behalf of a victim of the offense or, if the victim is deceased, the victim's estate. The division may recover damages for property loss or damage. If the division prevails in an action brought under the Act, the division may recover the costs of the action for the use of OAG. This authorization is in addition to any other available legal action. A criminal conviction is not a prerequisite for maintaining an action under the Act. The Act applies only prospectively to causes of action arising on or after July 1, 2016.

Door-to-door Sales

A "door-to-door sale" is a sale, lease, or rental of consumer goods or consumer services under one or more contracts with a purchase price of at least $25 in which (1) the seller or seller's representative personally solicits the sale, including a solicitation in response to or following an invitation by the buyer and (2) the buyer's agreement or offer to purchase is made at a place other than the seller's place of business.

Door-to-door sales do not include transactions (1) following earlier negotiations when the buyer visited a retail business establishment; (2) which a consumer may rescind under the federal Consumer Credit Protection Act or any regulation adopted under that Act; (3) in which the buyer made the contact and the goods or services are needed to meet a bona fide immediate personal emergency of the buyer under specified circumstances; (4) conducted and consummated entirely by mail or telephone; (5) in which the buyer made the contact and specifically requested the seller to visit to repair or perform maintenance on the buyer's personal property, with an exception for certain add-on sales; or (6) which pertain to real property sales or rentals, insurance sales, or securities or commodities sales by a registered broker-dealer.

If the seller violates any provisions on door-to-door sales, the buyer may cancel the door-to-door sale by notifying the seller of the buyer's intention to cancel in any manner and by any means. A person who violates the Maryland Door-to-Door Sales Act is liable to the person affected by the violation for all damages proximately caused and for reasonable attorney fees incurred by the person affected. Moreover, any person who *willfully* violates any provisions of the Maryland Door-to-Door Sales Act is guilty of a misdemeanor and on conviction is subject to maximum penalties of a $1,000 fine, one year in prison, or both, in addition to injunctive relief. Any violation of the Maryland Door-to-Door Sales Act is an unfair or deceptive trade practice under MCPA.

House Bill 439 (passed) extends the time period in which a buyer in a door-to-door sales transaction for a home improvement contract may cancel the transaction – from three to five days generally and from three to seven days if the buyer is age 65 or older. The bill also specifies the manner in which the seller of a home improvement contract must notify the buyer of the right to cancel a transaction. The bill requires a home improvement contract seller to obtain the signature of a buyer that acknowledges the buyer's right to cancel a transaction within a specified period. The Department of Labor, Licensing, and Regulation, in collaboration with OAG, must convene a stakeholder workgroup to study issues relating to door-to-door sales of home improvement services and report its findings to the Senate Finance Committee and the House Economic Matters Committee on or before December 1, 2016.

Consumer Debt Collection Actions – Restrictions

As reported by the Department of Legislative Services in its 2010 full evaluation of the State Collection Agency Licensing Board, according to a September 2009 report by the U.S. Government Accountability Office, approximately 50% of all retail credit accounts purchased directly from original creditors are eventually resold. The sale of consumer debt, primarily credit card debt, is an increasingly common industry practice, and it is not uncommon for a consumer's debt to be resold repeatedly over time. Debt buyers typically purchase unpaid consumer debts for cents on the dollar and pursue multiple collection tactics in the hopes of collecting enough unpaid debts to recoup their costs and ultimately turn a profit. Although debt collection lawsuits are legal when conducted in accordance with State and federal law, the huge volume of lawsuits filed that are based on limited details of the alleged debts can ultimately lead to mistakes and abuses of the court system. ***Senate Bill 771 (passed)*** establishes several procedural requirements for "consumer debt collection actions." For a more detailed discussion of this issue, see the subpart "Civil Actions and Procedures" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Ticket Transfers, Sales, and Resales

According to *The New York Times*, ticket sellers (including promoters, producers, artists, and sports teams) have increasingly chosen to use a process known as "paperless ticketing," in which tickets are purchased by credit card and the purchaser is required to present the same credit card as well as photo identification in order to gain entry to an event. Ticket sellers, including large-scale sellers like Ticketmaster, maintain that the restrictions are intended as safeguards to (1) prevent scalping; (2) limit bulk ticket purchases by automated software bots; and (3) prevent the use of counterfeit, stolen, or lost tickets. Critics of the practice, however, claim that the restrictions prevent purchasers from giving tickets as gifts or reselling them and that the restrictions actually target independent resale marketplaces (*e.g.*, StubHub) where consumers can purchase tickets for less than face value. ***House Bill 1266 (failed)*** would have expanded the ability of consumers to transfer, resell, or offer for resale a ticket by limiting the authority of these entities to impose restrictions on the transfer, resale, or offer for resale of a ticket. The House Economic Matters Committee referred the bill to interim study.

Corporations and Associations

Corporations and Real Estate Investment Trusts

Maryland law requires the business and affairs of a corporation to be managed under the direction of a board of directors. Generally, a director of a corporation who performs his or her duties in accordance with certain statutory requirements is immune from liability by reason of being or having been a director. However, in *Shenker v. Laureate Education, Inc.*, 411 Md. 317 (2009), the Court of Appeals held that, at least in certain situations, common law duties also govern the actions of a corporate director. The Court held that when corporate directors exercise certain nonmanagerial duties, such as negotiating the price that shareholders will receive for their shares in a cash-merger, they owe their shareholders common law duties of candor and good faith efforts to maximize shareholder value. Moreover, *Shenker* authorized shareholders to bring direct claims for a breach of those fiduciary duties.

Senate Bill 148*/*House Bill 354 (both passed) alter the duties and clarify the immunity from liability of a director of a corporation or a trustee of a real estate investment trust (REIT). Except as otherwise specified in the declaration of trust of a REIT, the bills also extend the duties and immunity from liability of a director of a corporation to a trustee of a REIT. The bills explicitly override portions of the *Shenker* decision, providing that all business and affairs of a corporation, whether or not in the ordinary course, must be managed by or under the direction of a board of directors. The bills establish that the statutory duties of a director are the sole source of duties of a director to the corporation or the stockholders of the corporation, whether or not a decision has been made to enter into an acquisition or potential acquisition of control of the corporation or enter into any other transaction involving the corporation. These statutory duties apply to any act of a director, including an act as a member of a committee of the board of directors.

Senate Bill 148*/*House Bill 354 also repeal a provision establishing that the duties of a director are enforceable only by the corporation or in the right of the corporation. In doing so, the bills preserve stockholders' rights under the *Shenker* decision to sue corporate directors directly rather than derivatively.

Recordation of Governing and Charter Documents

State law prohibits entity names from containing language stating or implying that the entity is organized for a purpose other than that allowed by the entity's (1) articles of incorporation, if the entity is a corporation; (2) articles of organization, if the entity is a limited liability company; (3) certificate of limited liability partnership, if the entity is a limited liability partnership; (4) certificate of limited partnership, if the entity is a limited liability limited partnership; or (5) articles of incorporation, if the entity is a professional corporation. ***House Bill 1446 (passed)*** addresses the issue of the fraudulent recordation of business names with the State Department of Assessments and Taxation (SDAT).

House Bill 1446 prohibits a person from causing to be recorded a governing document or charter document of an entity that (1) the person knows is not authorized by at least one individual whose name is included in the entity name or (2) does not otherwise conform to State law. The bill establishes a process by which a person who believes that a governing document or charter document was recorded in violation of this prohibition may submit an affidavit to SDAT stating the factual basis for the person's belief and, under specified circumstances, have SDAT void the governing document or charter document.

Professional Corporations

Under the Maryland Professional Service Corporation Act (MPSCA), "professional corporation" means a corporation organized to render professional services. The MPSCA requires that the name of a professional corporation contain the surname of one or more of the corporation's stockholders unless (1) the name of the corporation is approved by the appropriate licensing unit; (2) the licensing unit issues a certificate of authorization for use of the corporate name to the corporation or its incorporator; and (3) the certificate of authorization is attached to the articles of incorporation document in which the name is adopted.

Chapter 399 of 2009 exempted professional corporations in which a majority of the stockholders are physicians from MPSCA's requirements for corporate name approval. ***Senate Bill 66 (passed)*** extends this exemption to professional corporations in which a majority of the stockholders are individuals who are licensed, certified, or otherwise authorized to practice a health occupation under the Health Occupations Article. However, the bill excludes from this exemption a professional corporation in which a majority of the stakeholders are licensed dentists.

Part J
Health and Human Services

Public Health – Generally

Behavioral Health Administration

Budget

The fiscal 2017 budget for the Behavioral Health Administration (BHA) totals just under $1.7 billion. Of this amount, just over $1.0 billion is for Medicaid reimbursements for specialty mental health and substance use disorder services. The fiscal 2017 budget is $6.7 million above the current fiscal 2016 appropriation, which represents a growth rate of only 0.4%. Major funding enhancements within the fiscal 2017 budget include a 2.0% community provider rate increase ($12.2 million), regulated rate increase assumptions ($14.8 million), and $3.0 million for services rendered within an institution for mental disease.

The fiscal 2017 budget includes a total of $9 million for the Department of Health and Mental Hygiene (DHMH) to treat defendants under Section 8-507 of the Health – General Article. ***Senate Bill 1005 (passed)*** requires DHMH, beginning October 1, 2017, to facilitate the *immediate* treatment of a defendant unless the court finds exigent circumstances to delay commitment for treatment for longer than 30 days. If a defendant committed for treatment is not placed within 21 days of a court order for treatment, the court may order DHMH to appear to explain the reason for the lack of placement. ***Senate Bill 1005*** also expresses the intent of the General Assembly that the Governor provide funding annually in the budget bill to expand the use of drug treatment under Section 8-507 of the Health – General Article as required under the bill. For further discussion of ***Senate Bill 1005***, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Another funding enhancement within the fiscal 2017 budget is for certain recommendations of the Governor's Heroin and Opioid Emergency Task Force. Overall, $4.8 million was added to the State budget for these initiatives, of which $3.1 million is contained within BHA. These initiatives include implementing a Good Samaritan Law public awareness campaign, providing recovery support specialists to assist pregnant women with substance use disorders, requiring mandatory registration and querying of the Prescription Drug Monitoring Program, implementing a statewide buprenorphine access expansion plan, expanding online overdose education and naloxone distribution, and establishing a Maryland Center of Excellence for Prevention and Treatment under the Behavioral Health Advisory Council. However, in its budget actions, the General Assembly restricted the funding for the Center of Excellence to be used instead for an expansion of existing substance use disorder treatment.

Crisis Services

The Maryland Behavioral Health Crisis Response System is required to (1) operate a statewide network utilizing existing resources and coordinating interjurisdictional services to develop efficient and effective crisis response systems to serve all individuals in the State 24 hours a day and 7 days a week; (2) provide skilled clinical intervention to help prevent suicides, homicides, unnecessary hospitalizations, and arrests or detention and to reduce dangerous or threatening situations involving individuals in need of behavioral health services; and (3) respond quickly and effectively to community crisis situations.

In each jurisdiction, a crisis communication center provides a single point of entry to the system and coordination with the local core service agency or local behavioral health authority, police, emergency medical service personnel, and behavioral health providers. ***Senate Bill 551*/*House Bill 682 (both passed)*** require the Behavioral Health Advisory Council, in consultation with local core service agencies, community behavioral health providers, and interested stakeholders, to develop a strategic plan for ensuring that clinical crisis walk-in services and mobile crisis teams are available statewide and operating 24 hours a day and 7 days a week. The bills specify requirements for the strategic plan and require the council to submit an update on the development of the strategic plan in its 2016 annual report and to submit the strategic plan in its 2017 annual report.

Substance Use Disorders

DHMH's 2015 report, *Drug and Alcohol-Related Intoxication Deaths in Maryland*, indicated that drug- and alcohol-related intoxication deaths in Maryland totaled 1,039 in 2014, representing a 21% increase since 2013, and a 60% increase since 2010. Of all intoxication deaths, 887 deaths (86%) were opioid-related, including deaths related to heroin, prescription opioids, and nonpharmaceutical fentanyl. Opioid-related deaths increased by 76% between 2010 and 2014. Heroin-related deaths more than doubled between 2010 and 2014, and they increased by 25% between 2013 and 2014. In light of this alarming trend, there are several major statewide efforts underway to reduce heroin- and fentanyl-related opioid overdoses. In addition to funding enhancements in the fiscal 2017 budget noted above, there were numerous other legislative efforts to address prescription opioid abuse.

Senate Bill 97 (passed) authorizes a local health department or a community-based organization, with the approval of DHMH and the appropriate local health officer, to establish an opioid-associated disease prevention and outreach program. A program must provide for substance use outreach, education, and linkage to treatment services, including distribution and collection of hypodermic needles and syringes. DHMH must establish a Standing Advisory

Committee to provide technical assistance on program protocols and procedures and must adopt regulations to implement the bill's requirements. The bill repeals the Prince George's County AIDS Prevention Sterile Needle and Syringe Exchange Program and, instead, authorizes the establishment of opioid-associated disease prevention and outreach programs in every county. The bill does not apply to Baltimore City's AIDS Prevention Sterile Needle and Syringe Exchange Pilot Program.

A behavioral health program must be licensed by the Secretary of Health and Mental Hygiene before program services may be offered in Maryland. However, the Secretary may exempt specified entities from licensure requirements, including recovery residences. ***Senate Bill 1094*/*House Bill 1411 (both passed)*** require DHMH to approve a credentialing entity to develop and administer a certification process for recovery residences. By October 1, 2017, the credentialing entity must submit a list of the recovery residences that have a certificate of compliance to DHMH. By November 1, 2017, DHMH must publish a list of each credentialing entity and the credentialing entity's contact information on its website and each credentialing entity must publish a list of the recovery residences that hold a certificate of compliance on its website.

Senate Bill 1005 establishes an Addiction Treatment Divestiture Fund in DHMH to support addiction treatment services to persons with substance-related disorders. The fund may be used only to support the actions of the Secretary of Health and Mental Hygiene to provide treatment for substance-related disorders.

Finally, ***Senate Bill 1005*** requires the Governor's Office of Crime Control and Prevention, in coordination with the Department of Public Safety and Correctional Services, DHMH, the Judiciary, public health and treatment professionals, and local corrections authorities, to conduct an analysis to determine the gap between offender treatment needs and available treatment services in the State. The plan must include a feasibility study of local jail and service provider capacity for substance use and mental health disorder and related treatment and a plan for how a sequential intercept model could be used to address the gap between offender treatment needs and available treatment services.

Prescription Drug Monitoring Program

Chapter 166 of 2011 established the Prescription Drug Monitoring Program (PDMP) in DHMH to assist with the identification and prevention of prescription drug abuse and the identification and investigation of unlawful prescription drug diversion. PDMP must monitor the prescribing and dispensing of Schedule II through V controlled dangerous substances. When a dispenser fills a prescription for a monitored drug, the dispenser must electronically submit to PDMP identifying information for the patient, prescriber, dispenser, and drug within three business days of dispensing. However, prescribers (physicians, physician assistants, nurse practitioners, dentists, and podiatrists) are not required or obligated to access or use prescription monitoring data.

Senate Bill 537*/*House Bill 437 (both passed) require prescribers and pharmacists to register with PDMP by July 1, 2017. Prescribers and pharmacists must also request and assess prescription monitoring data in a specified manner, except under specified circumstances.

Prescribers and pharmacists are subject to disciplinary action by the appropriate licensing entity for failure to comply with the bill's mandatory registration and use requirements. PDMP may review prescription monitoring data for indications of a possible violation of law or a possible breach of professional standards by a prescriber or dispenser. If indicated, PDMP may notify and provide education to the prescriber or dispenser after obtaining certain clinical guidance from the technical advisory committee. Additionally, DHMH must develop and implement an outreach and education plan regarding mandatory registration with PDMP and submit specified reports.

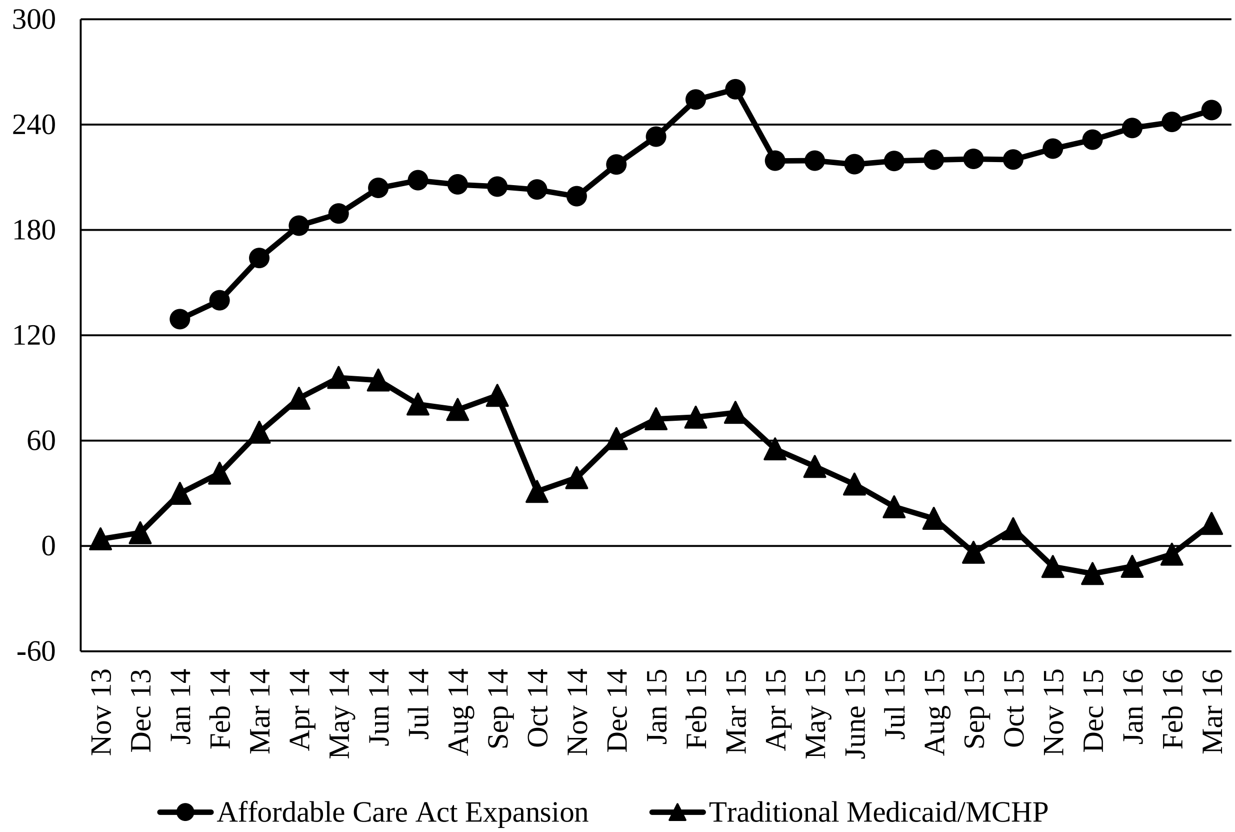
Medicaid

Budget

The fiscal 2017 budget includes just over $9.1 billion for the Medicaid program, a $407 million (4.7%) increase over the fiscal 2016 working appropriation. These amounts exclude Medicaid behavioral health provider reimbursements which are discussed above in this part of this *90 Day Report*. Fiscal 2016 and 2017 Medicaid expenditures are much lower than had been anticipated after the 2015 session. Specifically, expenditures have been adjusted for a variety of trends that overall combined to significantly lower spending including: a calendar 2016 managed care organization (MCO) rate increase; a calendar 2015 MCO mid-year rate adjustment that lowered costs; higher levels of pharmacy rebates; higher than budgeted revenue from special fund sources; and, most significantly, lower enrollment.

Enrollment decline resulted from the elimination of categorization errors in the disabled adult population as well as a drop in the federal Patient Protection and Affordable Care Act (ACA) expansion and traditional income-based Medicaid population as a result of the transition to the new Maryland Health Benefit Exchange eligibility enrollment system that began in April 2015. The decline in the Medicaid income-based population after March 2015 is shown in **Exhibit J-1**.

Exhibit J-1
Medicaid Enrollment: Cumulative Enrollment Gain/Loss
November 2013-March 2016
($ in Thousands)



MCHP: Maryland Children's Health Program

Source: Department of Legislative Services

The major growth in the Medicaid budget is to fund a variety of provider rate increases (see **Exhibit J-2**). To the extent that some provider rates are not set by Medicaid, for example the Health Services Cost Review Commission regulated providers, the data in the exhibit reflects rate assumptions.

Exhibit J-2
Medicaid Provider Rates and Rate Assumptions
($ in Thousands)

MCO Calendar 2015 Rate Increase (7.3%)	$295,295
Other Rates (Medicare, Pharmacy, and Other Services)	33,001
Inpatient and Outpatient Rate Assumption (2.85%)	23,967
Nursing Homes (2.0%)	23,315
Physicians (1.0% Increase in Evaluation and Management Codes FFS and MCO)	7,291
Community First Choice services (1.1%)	2,771
Medical Day Care (2.0%)	2,404
Private Duty Nursing (2.0%)	2,241
Home- and Community-based Waiver Services (1.1%)	404
Total	**$390,689**

FFS: fee-for-service
MCO: managed care organization

Source: Department of Legislative Services

The largest rate increase is for MCOs. After initially being set at 5.9%, DHMH announced an additional 2.0% rate increase for the traditional Medicaid population on February 29, 2016, bringing the overall rate increase to 7.3%. Physician rates for evaluation and management codes were increased by 1.0% in order to maintain rates at 92.0% of Medicare. Additional funding was restricted by the legislature in the Reserve Fund to increase those rates to 96.0% of Medicare. However, that increase is dependent on the Governor releasing those funds (as well as $66.8 million in other funding restrictions) for that purpose. Aside from provider rates, other funding changes in Medicaid include:

- Funding to accommodate modest enrollment and utilization growth.

- $41.2 million in new general fund support for the ACA expansion population. This expansion occurred after January 1, 2014, and through December 31, 2016, is supported 100.0% with federal funds. The initial State responsibility is 5.0%, climbing over several years to 10.0%.

- $13.4 million in new support to expand service provision for children with Autism Spectrum Disorder, specifically to add Applied Behavioral Analysis as a therapy under the Early and Periodic Screening, Diagnostic, and Treatment benefit to the Maryland State Plan. This represents six months of funding in fiscal 2017.

- An additional $65.0 million in funding for new Hepatitis C therapies that have transformed treatment of that condition in the past two years. Total funding for these therapies is now $130.0 million.

- Significant decreases include funding for hospital presumptive eligibility services, Health Information Technology payments, as well as savings associated with pharmacy rebates, in each case aligning expenditures or rebates to recent actuals.

Related Legislation

Medicaid is required, subject to the limitations of the State budget and as permitted by federal law, to provide comprehensive medical care and other health care services for former foster care adolescents who, on their eighteenth birthday, were in foster care in Maryland. Dental coverage for children in Medicaid and the Maryland Children's Health Program is mandatory. However, dental coverage for adults is an optional service and few adults in Maryland are covered under Medicaid. ***Senate Bill 252*/*House Bill 511 (Chs. 57 and 58)*** authorize Medicaid, subject to the limitations of the State budget, to provide dental care for former foster care adolescents who were in foster care in Maryland on their eighteenth birthday. By October 1, 2016, DHMH must apply to the federal Centers for Medicare and Medicaid Services for a waiver to provide these services.

Senate Bill 899*/*House Bill 1217 (both passed) require DHMH, by June 30, 2017, to adopt regulations necessary to ensure that Medicaid is in compliance with the federal Mental Health Parity and Addiction Equity Act (MHPAEA) and ACA, as amended by the federal Health Care and Education Reconciliation Act of 2010. The regulations must include standards regarding treatment limitations for specialty mental health and substance use disorder services that comply with MHPAEA and ACA and must relate to (1) the scope of benefits for telehealth and residential treatment programs that are not institutions for mental disease; (2) service notification and authorization requirements; (3) licensed specialty mental health or substance use disorder program billing for specified services; and (4) reimbursement rates.

Chapters 141 and 426 of 2014 required, to the extent authorized by federal law or regulation, coverage of, and reimbursement for, health care services delivered through telemedicine to apply to Medicaid and managed care organizations in the same manner that they apply to health insurance carriers. Chapters 141 and 426 authorized DHMH to specify by regulation the types of health care providers eligible to receive reimbursement for telemedicine health care services provided to Medicaid recipients. ***Senate Bill 242*/*House Bill 886 (both passed)*** require DHMH, if it specifies by regulation the types of providers eligible to be reimbursed for telemedicine services under Medicaid, to include primary care providers.

When determining Medicaid eligibility for individuals in long-term care, Medicaid must deduct certain expenses to determine the available income for covering the cost of care. These deductions include (1) a personal needs allowance (about $76 per month); (2) a spousal or family allowance; (3) a residential maintenance allowance for a single person; and (4) incurred medical expenses that are not subject to payment by a third party.

Senate Bill 449**/*****House Bill 981 (both passed)*** require that, when determining the available income of a Medicaid recipient who is a disabled person and has a guardian, DHMH must include, as part of the personal needs allowance, guardianship fees payable for guardianship services. The personal needs allowance for guardianship fees are (1) $50 per month if one person serves as both the guardian of the person and the guardian of the property and (2) $50 per month for *each* guardian if one person serves as the guardian of the person and a different person serves as the guardian of the property. If a guardian is appointed as the guardian of a disabled person receiving Medicaid long-term care services and supports, the guardian is not entitled to receive more than $50 per month in compensation unless the court makes a finding that unusual circumstances exist.

House Bill 1181 (passed) requires DHMH, in consultation with the Department of Human Resources, to submit quarterly reports on the State's progress in determining the eligibility of applicants for Medicaid long-term care services within 30 days after the filing of the applications and conduct quarterly meetings with interested stakeholders. For further discussion of ***House Bill 1181***, see the subpart "Health Care Facilities and Regulation" within this part of this *90 Day Report*.

Developmental Disabilities Administration

Budget

The fiscal 2017 budget for the Developmental Disabilities Administration (DDA) totals $1.1 billion, a $63.0 million increase over the fiscal 2016 budget. Of this increase, $57.2 million reflects an increase in funding for community services, including $8.9 million for the expansion of transitioning youth and $36.2 million for a mandated 3.5% provider rate increase. In community services, the fiscal 2017 budget does not include funding for targeted case management for nondevelopmentally disabled-eligible individuals and eliminates $2.0 million in funding for family support services. In addition to expansion of community services, the fiscal 2017 budget includes an increase in funding for the financial restructuring contract as DDA moves to a new payment system ($500,000), an increase in funding for utilization review ($2.5 million), and a new health risk screening tool ($1.0 million).

Related Legislation

The Maryland Wage and Hour Law is the State complement to the federal Fair Labor Standards Act of 1938. State law sets minimum wage standards to provide a maintenance level consistent with the needs of the population. Exceptions to the minimum wage requirement exist for a training wage and a disabled employee of a sheltered workshop. ***Senate Bill 417*****/*****House Bill 420 (both passed)*** prohibit DDA, beginning October 1, 2020, from funding providers that pay individuals less than the minimum wage under a specified certificate issued by the U.S. Department of Labor. Further, DDA and the Department of Disabilities, in partnership with relevant State agencies, must develop and implement a plan to phase out authorizations for payment of a subminimum wage to an employee with a disability by October 1, 2020.

Electronic Advance Directives

Generally, any competent individual may, at any time, make a written or electronic advance directive regarding the provision of health care to that individual, including the withholding or withdrawal of health care from that individual. An electronic advance directive, created in compliance with the electronic witness protocols of the registry of DHMH, must be recognized as satisfying the witness requirement for an advance directive.

House Bill 1385 (passed) makes multiple changes to the laws related to advance directives. The bill (1) alters witness requirements for an electronic advance directive; (2) expands the required contents of a specified advance directive information sheet; (3) expands the scope of education and outreach efforts by requiring DHMH to encourage the use of electronic advance directives; (4) makes changes to requirements for the distribution of the advance directive information sheet and the availability of electronic advance directives; and (5) establishes requirements related to accessing electronic advance directives by health care providers and in health care facilities. The bill also authorizes the use of funds from the Spinal Cord Injury Research Trust Fund to administer the Advance Directive Program established under the bill and codifies current practice regarding the use of an electronic advance directives service to connect with health care providers at the point of care.

Fraud Investigation

The DHMH Inspector General is authorized to investigate fraud, waste, and abuse of departmental funds. The inspector general must cooperate and coordinate investigative efforts with the Medicaid Fraud Control Unit, departmental programs, and other State and federal agencies to ensure that a provider is not subject to duplicative audits. The inspector general may take a number of actions to recover funds that were paid or obtained by fraud or error. ***House Bill 1220 (Ch. 136)*** expands the authorized actions that the inspector general (or a designated assistant inspector general) may take as part of an investigation of fraud, waste, or abuse of departmental funds including to subpoena any person or evidence, administer oaths, and take depositions and other testimony. Further, the inspector general (or a contractor or agent) may use "extrapolation" during an audit to recover an overpayment from a provider. The inspector general may impose a civil money remedy against a provider for a violation of State or federal law governing the conditions of payment for any service or item for which the provider submitted a claim and received payment. The inspector general must adopt regulations to implement civil money remedies.

Medical Cannabis

The Natalie M. LaPrade Medical Cannabis Commission currently oversees the licensure of growers, processors, and dispensaries of medical cannabis and a framework to certify physicians to provide qualifying patients with medical cannabis under State law via written certification.

House Bill 104 (passed) authorizes dentists, podiatrists, and certain registered nurses to be certifying providers, along with physicians, under the program, thereby expanding the types of health care practitioners who may discuss medical cannabis with a patient, complete an assessment of a patient's medical condition, and certify that the patient qualifies for medical cannabis. These certifying providers are subject to the same processes for registration, restrictions, and protections that are required for certifying physicians under current law. To become a certifying provider, a dentist, podiatrist, or registered nurse must have an active, unrestricted license, be in good standing with their respective board, and have a State-controlled dangerous substances registration. A registered nurse must also have an active, unrestricted State Board of Nursing-issued certification to practice as a nurse practitioner or a nurse midwife.

Miscellaneous Health Care Programs

Newborn Infant Screening

House Bill 827 (Ch. 124) requires DHMH's Newborn Screening Program to notify parents and guardians of newborn infants that laboratories other than DHMH's public health laboratory are authorized to perform postscreening confirmatory or diagnostic tests on newborn infants for hereditary and congenital disorders.

HIV Testing and Treatment

Health care providers are subject to a number of restrictions before testing an individual for HIV. ***Senate Bill 856*/*House Bill 180 (both passed)*** alter the requirements for a health care provider who provides prenatal care by requiring the provider to (1) obtain consent from a pregnant patient for HIV testing in accordance with existing informed consent and pretest requirements relating to HIV testing and (2) test the patient during both the first and third trimesters unless the patient declines the tests. These provisions apply to routine prenatal medical care visits and not to incidental or episodic care by a health care provider. A health care provider may not be subject to disciplinary action by a professional licensing board for not testing a pregnant patient for HIV during the third trimester in accordance with the bills.

Senate Bill 91 (Ch. 46) requires rebates received by DHMH from the Maryland AIDS Drug Assistance Program as a result of State general fund expenditures to be deposited in a special fund and used only for State-identified priorities for HIV prevention, surveillance, and care services. The Secretary of Health and Mental Hygiene must adopt regulations establishing, as appropriate, income and other eligibility criteria for the receipt of such services.

Food and Food Service Facilities

Senate Bill 753 (passed) expands current law provisions related to permissible alcohol content in confectioneries by repealing the *de facto* prohibition against the sale of such a food product with more than 5% alcohol per volume (due to its current classification as "adulterated") and establishing new standards for the manufacture or sale of a food product that contains more than 0.5% alcohol per volume. Specifically, a food product that contains more than 0.5% of alcohol per volume may not be sold to individuals younger than age 21. The label of such a product must state that the product may not be sold to individuals younger than age 21, that the product contains alcohol, and the product's alcohol percent per volume. The bill does not (1) prohibit the addition of alcohol to a food product (including a confectionery or a frozen dessert) or (2) limit the application of relevant provisions of the Alcoholic Beverages Article to a manufacturer or seller of a food product that contains more than 0.5% of alcohol per volume. The bill does not establish a limit on the total percent alcohol per volume authorized in a food product.

Senate Bill 587 (passed) prohibits a person from selling or offering for sale alcoholic beverages that are sold in powder or crystalline form to be used directly or in combination with water or any other substance. For a more detailed discussion of this issue, see the subpart "Alcoholic Beverages (Statewide)" under Part H – Business and Economic Issues of this *90 Day Report*.

Lyme Disease Laboratory Testing

Senate Bill 926*/*House Bill 399 (both passed) require a health care provider who draws a patient's blood for a Lyme disease laboratory test or a medical laboratory that performs a Lyme disease test to provide a specified written notice to the patient at the time blood is drawn. The required notice includes disclaimers regarding the accuracy of tests for Lyme disease. A health care provider's or medical laboratory's provision of the required notice may not be the sole basis for a cause of action. DHMH may adopt regulations that change the notice's content if DHMH finds significant differences between the notice's content and current medical evidence on Lyme disease testing.

Health Records

Senate Bill 354 (passed) authorizes an individual to file a motion with a court requesting that the court records related to a petition for emergency evaluation be sealed if the individual was a minor at the time the petition was made or sought. The court may seal the records for good cause shown. The bill also establishes procedures for filing an objection and for the court to hold a hearing.

House Bill 459 (passed) reduces, from $24 to $10, the fee collected by DHMH for (1) certain copies of birth and death certificates; (2) a report that a search of the birth or death certificate files was made and the requested record is not on file; or (3) each change to a birth or death certificate made later than one year after the certificate has been registered with DHMH. The bill also reduces, from $20 to $10, the required transfer to the general fund from a fee collected by a local health department for processing and issuing a birth certificate or for a report that a search of files was made and the requested record is not on file.

Senate Bill 931*/*House Bill 280 (both passed) prohibit DHMH from collecting a fee for issuing a certified or abridged copy of a birth certificate to a homeless individual, as defined in the federal McKinney-Vento Homeless Assistance Act. As proof of homelessness, DHMH must accept a signed written statement from a homeless services provider in the State that affirms that the individual is homeless and that includes the address to which to send the copy of the birth certificate.

House Bill 724 (passed) authorizes a hospital or health care provider that uses or maintains requested medical records in an electronic format to charge a separate fee for an electronic copy of a medical record and alters the fees a health care provider may charge for a paper copy of a medical record. For paper or electronic format medical records, a hospital or health care provider may charge a preparation fee of up to $22.88 for records retrieval and preparation (subject to certain federal limitations), as well as the actual cost for postage and handling. A health care provider may charge a fee of 76 cents per page for paper medical records, while a hospital or health care provider may charge a per page fee of 75% of the per page fee for paper medical records for an electronic format medical record (subject to a cap of $80.00). The fees charged for retrieval and preparation of a medical record in any format may not be annually adjusted for inflation.

Health Occupations

General

Criminal History Records Checks

Ten health occupations boards currently require criminal history records checks (CHRC). Of these, six boards require CHRCs upon initial application only, while four boards require subsequent CHRCs upon license renewal and/or reinstatement. ***Senate Bill 109 (Ch. 48)*** requires applicants and licensees of the Board of Examiners for Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists; the Board of Examiners of Nursing Home Administrators; the Board of Occupational Therapy Practice; and the Board of Podiatric Medical Examiners to submit to a CHRC upon initial application, renewal, and/or reinstatement, and creates new grounds for disciplinary action if a licensee fails to submit to a required CHRC.

Corporate Name Approval

Senate Bill 66 (passed) exempts professional corporations in which a majority of the stockholders are individuals who are licensed, certified, or otherwise authorized to practice a health occupation from corporate name approval requirements, with the exception of professional corporations that provide dental services. For a more detailed discussion of ***Senate Bill 66***, see the subpart "Corporations and Associations" within Part I – Financial Institutions, Commercial Law, and Corporations of this *90 Day Report*.

Dentists and Dental Hygienists

State Board of Dental Examiners

The State Board of Dental Examiners consists of nine licensed dentists, four licensed dental hygienists, and three consumer members. The Governor must appoint the dentist and dental hygienist board members with the advice of the Secretary of Health and Mental Hygiene from a list of names submitted to the Governor by the board. The Governor must appoint the consumer members with the advice of the Secretary and the advice and consent of the Senate.

Senate Bill 42 (passed) requires the dentist and dental hygienist members of the board to be appointed with the advice and consent of the Senate.

Dental Hygienists – Scope of Practice

Historically, dental hygienists in Maryland have practiced under the indirect supervision of a dentist, which means the dentist authorizes the procedure and remains in the office while it is being performed. The scope of dental hygienist practice has steadily expanded. ***House Bill 470 (Ch. 106)*** authorizes dental hygienists to administer nitrous oxide to a patient under the supervision of a dentist who is physically present on the premises and prescribes the administration of nitrous oxide by the dental hygienist. ***House Bill 680 (Ch. 111)*** authorizes dental hygienists to administer local anesthesia to facilitate the general practice of dental hygiene by a dental hygienist or the practice of dentistry by a dentist, rather than only for certain procedures.

Environmental Health Specialists

The State Board of Environmental Health Specialists regulates licensed environmental health specialists and environmental health specialists-in-training. Pursuant to the Maryland Program Evaluation Act, the board underwent a full sunset evaluation in 2015 in advance of its scheduled July 1, 2017, termination date. ***Senate Bill 200*****/*****House Bill 497 (both passed)*** extend the termination date of the board to July 1, 2027, and require a preliminary evaluation of the board to be conducted by December 15, 2023. The bills require the board to include a financial statement and a plan for special fund revenues in its annual report, to monitor a workforce workgroup, and to implement specific administrative recommendations and submit a report on the implementation of those recommendations to the Senate Education, Health, and Environmental Affairs Committee and to the House Health and Government Operations Committee by January 1, 2017.

Massage Therapists and Chiropractors

The State Board of Chiropractic and Massage Therapy Examiners regulates licensed chiropractors, chiropractic assistants, massage therapists, and registered massage practitioners. The board comprises 11 members: 6 licensed chiropractors, 3 licensed massage therapists, and 2 consumers. ***House Bill 1420 (passed)*** separates the board into two boards: the State Board of Chiropractic Examiners and the State Board of Massage Therapy Examiners. Although the bill establishes separate special funds for each board, the two boards share existing staff. The bill also details how a massage therapy and practitioner rehabilitation committee may be established and requires the new massage therapy board to establish an advisory committee to study the scope of practice of massage therapy and make recommendations on changes to the law that are necessary to reflect currently practiced modalities. Both boards are subject to the Maryland Program Evaluation Act.

Nurses

The State Board of Nursing licenses and regulates the practice of nursing and may impose disciplinary sanctions against licensees. ***Senate Bill 393/House Bill 490 (both passed)*** reinstate the misdemeanor penalty for certain violations of the Maryland Nurse Practice Act, eliminate the misdemeanor penalty for other violations, and increase the maximum civil penalty for some violations (such as practicing without a license) that the board may impose. The bills also repeal the requirement that the board appoint separate peer review committees to oversee the use of health insurance and medical assistance benefits by certified nurse anesthetists, certified nurse midwives, and certified nurse practitioners, and instead authorize the board to appoint peer advisory committees to provide expert advice related to the practice of nursing by advance practice nurses.

Chapter 330 of 2015 authorized psychiatric nurse practitioners to give assent (along with the assent of a physician) for the voluntary admission of a minor or the involuntary admission of an individual to certain facilities for the treatment of a mental disorder. ***Senate Bill 1081 (passed)*** applies existing requirements for certificates for involuntary admission signed by physicians and psychologists to certificates for involuntary admission signed by psychiatric nurse practitioners, and specifically defines "psychiatric nurse practitioner" for purposes of voluntary and involuntary admissions.

Pharmacists

An applicant for a pharmacist license must demonstrate an oral competency in the English language by passing a standardized test of oral competency that is approved by the State Board of Pharmacy. ***Senate Bill 469/House Bill 117 (both passed)*** require the board to accept as proof of proficiency in English graduation from a recognized English-speaking professional school accredited by the Accreditation Council for Pharmacy Education.

The State Board of Pharmacy has received numerous letters of concern from Maryland veterinarians regarding the inability to obtain compounds of prescription drugs from pharmacies for office use because many compounded drugs for various species, breeds, and sizes of companion animals are not commercially available. ***Senate Bill 614/House Bill 1462 (both passed)*** authorize a licensed veterinarian to dispense compounded preparations to a "nonfarm animal" and authorize a pharmacy and a licensed pharmacist to provide compounded preparations without a patient-specific prescription to a licensed veterinarian who intends to dispense the preparations to a nonfarm animal if specified requirements are met. The State Board of Veterinary Medical Examiners will define "nonfarm animal" in regulations.

Physicians

State Board of Physicians

The State Board of Physicians (MBP) funds the Health Personnel Shortage Incentive Grant Program (HPSIG) and the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants (MLARP). The HPSIG provides grants to eligible institutions of higher education that have programs leading to licensure, certification, or registration in health personnel shortage areas. The MLARP provides loan repayment assistance in exchange for certain service commitments to help ensure underserved areas of the State have sufficient numbers of primary care physicians and physician assistants. ***Senate Bill 217 (passed)*** repeals the requirement that the board contribute a portion of its fees to the HPSIG and caps the board's required contribution to the MLARP at $550,000 in fiscal 2017 and 2018 and at $400,000 in each fiscal year thereafter.

Out-of-state Physicians

A physician licensed by, and residing in, another jurisdiction is exempt from State licensing requirements if the physician submits to a CHRC and is (1) consulting with a State licensed physician about a particular patient and does not direct patient care, or (2) engaged in clinical training with a licensed physician under certain circumstances. Additionally, a physician who resides in, and is authorized to practice medicine by, any state adjoining Maryland and whose practice extends into Maryland is exempt from State licensing requirements if the physician submits to a CHRC and (1) the physician does not have an office or other regularly appointed place in Maryland to meet patients, and (2) the same privileges are extended to licensed Maryland physicians by the adjoining state.

House Bill 119 (Ch. 94) exempts a physician who is licensed by, and resides in, another jurisdiction and who is designated as a team physician by an athletic or sports team based outside the State, from State licensing requirements (including the requirement to submit to a CHRC) if the physician meets specified conditions, including providing medical care in Maryland for no longer than 45 days in a calendar year and only providing such care to team members and staff. ***Senate Bill 1020*/*House Bill 998 (both passed)*** require MBP to license an applicant to practice medicine in Maryland if the applicant became licensed as a physician in another jurisdiction that has similar licensing requirements and the applicant is in good standing in that jurisdiction, and the other jurisdiction offers a similar reciprocal licensing process for Maryland physicians.

Licensure and Practice – Physicians

MBP requires physicians to renew their licenses every two years and to complete at least 50 hours of continuing education per renewal cycle as a condition of license renewal. In 2015, the board began requiring physicians and physician assistants to complete 1 hour of continuing education per renewal cycle on prescribing opioids. The board provides a list of possible courses on its website. However, the board accepts any course not on this list if it is related to opioid prescribing. ***House Bill 185 (Ch. 99)*** prohibits the board from establishing, as a continuing education requirement, that every licensed physician complete a specific course or program as a condition of license renewal.

Although an individual must be licensed to practice pharmacy in order to dispense prescription drugs, a licensed physician is authorized to personally prepare and dispense the physician's prescriptions. ***House Bill 752 (Ch. 116)*** provides that the Pharmacy Practice Act does not prohibit a licensed physician from personally preparing and dispensing a prescription written by a physician assistant in accordance with an authorized delegation agreement or a prescription written by a certified nurse practitioner who works with the physician in the same office setting.

Licensure and Practice – Allied Health Professions

Athletic trainers manage athletic injuries for athletes in good overall health under the supervision of a licensed physician. An individual must be licensed by MBP and must enter into a board-approved written evaluation and treatment protocol with a licensed physician in order to practice athletic training. ***Senate Bill 605*/*House Bill 232 (both passed)*** require the board's Athletic Trainer Advisory Committee to issue recommendations on whether a protocol should be approved or modified and authorize an athletic trainer to assume the duties specified in a protocol, after receiving a written recommendation from the advisory committee if the protocol does not include specialized tasks or the tasks have been previously approved by the board.

Pursuant to Chapters 153 and 399 of 2014, an individual must be licensed by MBP in order to practice naturopathic medicine. Licensure of naturopathic doctors began in March 2016. ***Senate Bill 806 (passed)*** establishes a Naturopathic Doctors Formulary Council within the board to develop and make recommendations on a formulary for licensed naturopathic doctors. The bill expands authorized routes of administration for naturopathic doctors and prohibits naturopathic doctors from prescribing, dispensing, or administering drugs or devices that are not listed on the formulary. The bill implements recommendations from the Naturopathic Doctors Formulary Workgroup, which issued its final report in July 2015.

Health Care Facilities and Regulation

Hospitals and Related Institutions

Prince George's County Regional Medical Center

The State of Maryland, Prince George's County, and Dimensions Health Care Corporation entered into a memorandum of understanding (MOU) in 2008 to provide financial support to Prince George's Hospital. The MOU was updated in 2011 to include the University of Maryland Medical System (UMMS) and the University System of Maryland. After a two-year review period, a plan was developed to create a new Prince George's County Regional Medical Center (PGCRMC). A certificate of need application for PGCRMC was submitted to the Maryland Health Care Commission (MHCC) in 2013. Both the State and Prince George's County have provided significant financial support to the hospital since the signing of the MOU. ***Senate Bill 324 (Ch. 13)*** requires the State and the county to provide operating and capital funding for PGCRMC, as shown in **Exhibit J-3**. Up to $8.0 million of the State capital contributions to PGCRMC must be allocated for the development and transformation plan for Laurel Regional Hospital.

The operating funds may only be used to provide increased access to critical health care services for the region served by PGCRMC, improving the quality of the services provided, and facilitating cost containment measures to prevent additional operating losses for PGCRMC and its affiliated institutions. The Act is contingent on the UMMS Corporation becoming the sole corporate member of Dimensions Health Corporation and assuming responsibility of the governance structure of the entity and will terminate June 30, 2021.

Exhibit J-3
Operating and Capital Funding Mandated Under Chapter 13 of 2016
Fiscal 2017-2021
($ in Millions)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
State						
Operating Subsidy[1]	-	$30.0	$15.0	$5.0	$5.0	$55.0
General Obligation Bonds	-	67.5	48.0	-	-	115.5
Prince George's County						
Operating Subsidy	$15.0	15.0	15.0	5.0	5.0	55.0
General Obligation Bonds[2]	-	-	-	-	-	208.0
Total	**$15.0**[3]	**$112.5**	**$78.0**	**$10.0**	**$10.0**	**$433.5**

[1]Only $15.0 million must be provided in fiscal 2018 if a grant of $15.0 million is provided in a fiscal 2016 deficiency appropriation to UMMS by June 30, 2016.
[2]Prince George's County must provide matching funds of $208.0 million for the capital construction of the PGCRMC. However, annual amounts are not specified in the bill.
[3]It should be noted that, outside of Chapter 13, the fiscal 2017 operating budget included $15.0 million in operating support for PGCRMC, and the fiscal 2017 capital budget included $27.5 million in bond funding.

Source: Department of Legislative Services

Senate Bill 336/House Bill 1277 (both passed) require a hospital, before discharging a patient, to provide a patient (or the patient's legal guardian) with an opportunity to designate a lay caregiver. A lay caregiver is an adult designated by the patient (or the patient's legal guardian) who performs aftercare for the patient at the residence of the patient. If a patient designates a lay caregiver, as soon as practicable, a hospital must notify the lay caregiver of the discharge or transfer of the patient to another hospital or facility, attempt to consult with the lay caregiver to prepare the lay caregiver for aftercare, and issue a discharge plan that describes the aftercare needs of the patient. The inability of a hospital to consult with a lay caregiver cannot interfere with, delay, or otherwise affect the medical care provided to the patient or the patient's discharge.

Nursing Homes

The Department of Health and Mental Hygiene (DHMH) is responsible for administering and overseeing Medicaid and determining Medicaid eligibility rules, while the Department of Human Resources (DHR) is responsible for initial determination and redetermination of eligibility for some Medicaid eligibility groups, including those that primarily use long-term care. Although

DHR has decreased the average time it takes to process applications in the last five years, there are a large number of applications in any given month that have been pending for more than 90 days. ***House Bill 1181 (passed)*** requires DHMH, in consultation with DHR, to submit quarterly reports on the State's progress in determining the eligibility of applicants for long-term care services within 30 days after the filing of the applications. DHMH, in collaboration with DHR, must also conduct quarterly meetings with interested stakeholders to discuss the reports and develop strategies to resolve ongoing issues with and delays in eligibility determinations for Medicaid long-term care services.

Certificate of Need

Freestanding Medical Facilities

Hospital admissions have been declining both nationally and in Maryland, and urban and rural hospitals have been affected by reduced utilization. Preserving access to appropriate emergency and primary care services is a special concern for rural communities. ***Senate Bill 707 (passed)*** provides an alternative transitional model for preserving emergent/urgent care capability by exempting the conversion of a licensed general hospital to a freestanding medical facility (and any related capital expenditure) from the requirement to obtain a certificate of need (CON) under specified circumstances, including if the facility is established as the result of the conversion of a licensed general hospital. A licensed general hospital could elect to convert into a freestanding medical facility (without obtaining a CON from MHCC) rather than closing or partially closing. In addition to emergency department and related services, freestanding medical facilities established from the conversion of a licensed general hospital could provide (and be paid rates regulated by the Health Services Cost Review Commission for) outpatient services and observation stays (a stay generally lasting no more than 48 hours that is provided as an outpatient service to allow testing and medical evaluation of a patient's condition). Notwithstanding these provisions, a licensed general hospital in Kent County may not convert to a freestanding medical facility before July 1, 2020.

MHCC must establish by regulation specified requirements for a public informational hearing for hospitals proposing to close, partially close, or convert to a freestanding medical facility. ***Senate Bill 707*** also establishes a workgroup on rural health care delivery to oversee a study of rural health care needs in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties and authorizes up to $500,000 in funds in the Maryland Health Benefit Exchange Fund deposited or transferred from the Maryland Health Insurance Plan Fund to be used to fund the study in fiscal 2017 and 2018.

Interested Parties

Any interested party can submit written comments on a CON application and request the opportunity to present oral argument to the CON reviewer before the reviewer prepares a recommended decision on the application. The reviewer may grant, deny, or impose limitations on an interested party's request. Any interested party who has submitted written comments may submit written exceptions to the proposed decision and make oral arguments to MHCC before it takes final action on an application. ***Senate Bill 352 (passed)*** requires MHCC to define the term "interested party" to include, in the review of a replacement acute general hospital project proposed by or on behalf of a regional health system that serves multiple contiguous jurisdictions, a jurisdiction within the region served by the regional health system that contains the proposed replacement acute general hospital project.

Health Insurance

Standards for Provider Networks and Directories

In 2015, the National Association of Insurance Commissioners (NAIC) updated its Health Benefit Plan Network Access and Adequacy Model Act, which is intended to establish standards for the creation and maintenance of networks by health insurance carriers to assure the adequacy, accessibility, transparency, and quality of health care services under a network plan. Adopting a number of provisions that mirror the NAIC model act, ***Senate Bill 929/House Bill 1318 (both passed)*** require the Insurance Commissioner to adopt regulations to establish quantitative and, if appropriate, nonquantitative criteria to evaluate the network sufficiency of health benefit plans. By July 1, 2018, and annually thereafter, an insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers) that uses a provider panel for a health benefit plan must file a network access plan with the Commissioner for review. The legislation also establishes requirements for network directories and requires carriers to demonstrate accuracy of network directory information on request of the Commissioner.

Standards and Plans for Network Access

Senate Bill 929/House Bill 1318 generally require carriers with provider panels to maintain standards that ensure that all enrollees, including adults and children, have access to providers and covered services without unreasonable travel or delay and ensure access to providers, including essential community providers, that serve predominantly low-income and medically underserved individuals. In adopting regulations establishing criteria to evaluate health benefit plan network sufficiency, the Commissioner may take into consideration certain factors, such as geographic accessibility of primary care and specialty providers, waiting times for an appointment, and provider-to-enrollee ratios. The access plan carriers must file with the Commissioner must include specified information, including a description of the carrier's network, the process for monitoring and ensuring network sufficiency, factors used to build the provider network, and the carrier's methods for assessing the health care needs of enrollees and enrollee satisfaction with health care services provided to them.

Network Directories

The legislation requires a carrier to make the carrier's network directory available on the Internet and in printed form on request. The carrier's network directory on the Internet must be available through a clear link or tab and in a searchable format. The network directory must include specified information about each provider on the carrier's provider panel and each health care facility in the carrier's network. A carrier must update the network directory information provided in printed form at least once annually and the information provided on the Internet at least once every 15 days. Information must be accurate on the date of initial publication or posting and any update, and a carrier must demonstrate the accuracy of the information on request of the Commissioner. Before imposing a penalty against a carrier for inaccurate information, the Commissioner must take into account specified factors, such as whether the carrier afforded a provider or other specified person an opportunity to review and update the provider's network directory information directly with the carrier or through a multi-carrier common online provider directory information system, which may be designated by the Commissioner.

The legislation also requires each carrier that uses a provider panel to have a customer service telephone number, email address link, or other electronic means by which enrollees and prospective enrollees may notify the carrier of inaccurate information in the carrier's network directory. If notified of a potential inaccuracy by a person other than the provider, a carrier must investigate and, if necessary, take corrective action within 45 days.

Referrals to Specialists and Other Provisions

Senate Bill 929*/*House Bill 1318 alter requirements for referrals to out-of-network specialists. Among other requirements, a carrier's procedure by which a member may request a referral to a specialist or nonphysician specialist who is not part of the carrier's provider panel due to network inadequacy must ensure that a request for such a referral is addressed in a timely manner that is appropriate for the member's condition and in accordance with timeliness requirements for determinations made by private review agents. The legislation repeals provisions that give the Secretary of Health and Mental Hygiene the authority to establish access standards for health maintenance organizations and exclusive provider organizations as this authority is transferred to the Commissioner beginning in 2018. The legislation also requires the Commissioner to adopt regulations that specify network adequacy standards for dental services for a dental plan organization or an insurer or nonprofit health service plan that provides dental coverage.

Mandated Coverage and Cost Sharing

Contraceptive Drugs and Devices

Senate Bill 848*/*House Bill 1005 (both passed) generally prohibit carriers from applying copayment or coinsurance requirements for a prescription contraceptive drug or device that is approved by the U.S. Food and Drug Administration (FDA). The legislation also requires carriers to provide coverage for off-formulary prescription contraceptives that are necessary for an insured or enrollee to adhere to the appropriate use of the drug or device; male sterilization with no copayment, coinsurance, or deductible requirement; and FDA-approved contraceptive drugs that are available over the counter. In addition, carriers, as well as Medicaid and the Maryland Children's Health Program (MCHP), must provide coverage for a single dispensing of a six-month supply of prescription contraceptives with specified exceptions. The legislation also generally prohibits carriers, Medicaid, and MCHP from applying a prior authorization requirement for a prescribed FDA-approved intrauterine device or implantable rod.

In Vitro Fertilization

Senate Bill 1*/*House Bill 11 (both passed) alter the required conditions for health insurance coverage of in vitro fertilization by establishing an exception to a requirement that the spouse's sperm be used for the procedure. For a patient whose spouse is of the opposite sex, the patient's eggs must be fertilized with the spouse's sperm, unless the spouse is unable to produce and deliver functional sperm and the inability does not result from a vasectomy or other method of voluntary sterilization.

Habilitative Services

Senate Bill 297 (passed) revises the current mandated health insurance benefit for habilitative services by expanding the definition of covered habilitative services to include devices, as well as services, that help a child keep, learn, or improve skills and functioning for daily living. The legislation also modifies the mandated benefit by repealing a requirement that a child have a congenital or genetic birth defect to qualify for covered services and clarifies the timeframe for coverage. With these changes, the legislation adopts a definition of habilitative services that is consistent with the definition of such services in federal regulations that establish coverage requirements for health benefit plans offered in the individual and small group markets.

Health Reform Implementation

Conformity to and Implementation of Federal Law

House Bill 801 (Ch. 122) alters State health insurance law to conform with and implement the federal Patient Protection and Affordable Care Act (ACA) and corresponding federal regulations. Among other changes, the legislation repeals obsolete provisions of law authorizing imposition of preexisting condition limitations in the group insurance market and specifies that, for small employer health benefit plans, a special enrollment period begins when triggered by a child support or other order, divorce, legal separation, or death, on the date of the event. The legislation also specifies, for health benefit plans in the Small Business Health Options Program Exchange, when coverage is effective following the selection of a plan during a special enrollment period due to certain events and alters requirements for grace periods that must be provided to certain enrollees in qualified health plans. Additionally, the legislation requires a student health plan to comply with specified federal regulatory requirements.

Termination of Maryland Health Insurance Plan and Related Changes to State Law

The Maryland Health Insurance Plan (MHIP) served as the State's insurer of last resort for medically uninsurable individuals beginning in 2003. Under the ACA, this population can buy private health insurance due to elimination of preexisting condition limitations. Therefore, MHIP ceased coverage and, as of January 1, 2015, there were no MHIP enrollees. ***House Bill 489 (passed)*** repeals MHIP, the board of directors for MHIP, the MHIP Fund, and the assessment on hospital rates used to operate and administer MHIP. Repealing the MHIP assessment reduces special fund revenues by $41.8 million in fiscal 2017. With the exception of those that relate directly to the Senior Prescription Drug Assistance Program (SPDAP), all employees, books and records, real and personal property, equipment, fixtures, assets, liabilities, and credits of MHIP must be transferred to the Maryland Health Benefit Exchange (MHBE) on July 1, 2016. Funds transferred from the MHIP Fund to the MHBE Fund before July 1, 2016, must be used only for the State Reinsurance Program, which provides supplemental coinsurance payments to individual market insurance plans with higher cost enrollees to stabilize premiums among insurers through 2016.

The legislation also, among other changes, transfers administration of SPDAP to the Department of Health and Mental Hygiene and establishes in the department a SPDAP Fund to support the administration, operation, and activities of SPDAP. SPDAP provides Medicare Part D premium and coverage gap assistance to moderate-income Maryland residents who are eligible for Medicare and are enrolled in a Medicare Part D prescription drug plan. The termination date of SPDAP is extended by three years to December 31, 2019, and CareFirst must continue to provide $14 million annually for SPDAP in fiscal 2018 through 2020.

Submission, Payment, and Disclosure of Claims

Required Minimum Time Period for Submission of Claims

Senate Bill 887**/*****House Bill 1150 (both passed)*** require a carrier to include provisions in a health insurance policy that permit enrollees a minimum of one year after the date of service to submit a claim for the service and provide that an enrollee’s legal incapacity suspends the time to submit a claim and that the suspension period ends when legal capacity is regained. A policy also must provide that the failure to submit a claim within one year does not invalidate or reduce the claim if it was not reasonably possible to submit the claim within one year after the date of service and the claim is submitted within two years after the date of service.

Payment of Claims by Credit Card or Electronic Funds Transfer

House Bill 639 (Ch. 109) authorizes a carrier, as well as a managed care organization, to pay a clean claim (one properly submitted) or an undisputed portion of a claim for reimbursement using a credit card or an electronic funds transfer payment method that imposes a fee or similar charge to process the payment. A claim may be paid in this manner if the provider is notified in advance that a fee or similar charge will apply and the provider will need to consult the provider’s merchant processor or financial institution for the specific rates, the provider is offered an alternative payment method that does not impose a fee or charge, and the provider elects to accept payment using the credit card or electronic funds transfer payment method. If a provider participates on the carrier’s provider panel, the acceptance by the provider or the provider’s designee of payment by credit card or an electronic funds transfer payment method must apply to all claims paid for by the carrier unless otherwise notified by the provider.

Disclosure of Aggregate Incurred Claims to Large Employers

In the large group insurance market, premiums are commonly based on the experience of each individual group. ***Senate Bill 212*****/*****House Bill 124 (Chs. 54 and 55)*** require a carrier that is experience rating a large employer’s health benefit plan to disclose the aggregate incurred claims – the total claims incurred in the experience period that the carrier uses to experience rate the plan – within 30 days after receipt of a request from the employer. The disclosure must be provided in a format that complies with privacy requirements under federal law.

Short-term Medical Insurance Purchased as a Surplus Line

Under State insurance law, a nonadmitted insurer is an insurer that is not authorized to engage in the business of insurance in the State. ***Senate Bill 436*/*House Bill 554 (both passed)*** authorize the procurement of short-term medical insurance from a nonadmitted insurer as a surplus line if the insurance coverage sought is in excess of coverage available from, or is unavailable from, admitted insurers in the State that write that particular kind and class of insurance. The insurance authorized under the legislation may not exceed 11 months of coverage or be extended or renewed and must involve travel to or from the United States in a specified manner. Written notice must be provided to the applicant that states certain information, such as that the coverage may be available under the Affordable Care Act without medical underwriting. The legislation also establishes requirements for brokers who place the surplus lines insurance and requires the Maryland Insurance Administration (MIA) to develop and make available on the MIA's website a consumer guide on short-term medical insurance.

Exemption for Self-funded Student Health Plans

Senate Bill 919*/*House Bill 1247 (both passed) exempt from certain State insurance laws a self-funded student health plan operated by an independent institution of higher education that provides health care services to its students and their dependents. The Johns Hopkins University currently offers a self-funded student health plan. To qualify for the exemption under the legislation, the institution must file an annual report with the Insurance Commissioner that certifies that the institution and student health plan meet specified criteria, such as satisfaction of federal minimum essential coverage standards and pledged assets sufficient to support the liabilities of the plan. Provisions of State insurance law that require carriers to establish and follow certain appeals and grievance procedures apply to a self-funded student health plan operated by an independent institution of higher education.

Repeal of Reporting Requirements

House Bill 798 (Ch. 121) repeals a requirement that each carrier annually file with the Insurance Commissioner a summary description of the clinical issues and diagnostic and therapeutic services that were evaluated by the carrier and the conclusion of the evaluation. Additionally, ***Chapter 121*** repeals a report requirement as well as a requirement that a private review agent submit to the Insurance Commissioner certain criteria and standards used in conducting utilization review of proposed or delivered services, as well as any revisions or modifications to such criteria and standards. According to MIA, these filings and reports contain information that is either duplicative of other information already submitted to MIA or no longer needed, as evidenced by MIA not having received any requests to review the information for at least five years.

Social Services

Food Supplement Program

The federal Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, provides benefits solely for the purchase of food items to families and individuals who meet income and resource requirements. Program rules and regulations are issued by the federal government. Benefits are 100% federally funded and eligible households receive a minimum benefit of $16 per month. ***Senate Bill 758*/*House Bill 445 (both passed)*** require the State to provide a supplement to increase the minimum monthly benefit level to $30 if the household includes an individual who is at least 62 years of age.

House Bill 356 (passed) requires the Department of Human Resources (DHR) to submit a grant application to the U.S. Department of Agriculture under the Food Insecurity Nutrition Incentive Program to support a pilot project that provides incentives to directly and efficiently increase the purchase and consumption of eligible fruits and vegetables by SNAP participants. By January 1, 2017, and again by January 1, 2018, DHR must submit a report to the Governor and the General Assembly on the status of the grant application.

The Homeless

Interagency Council on Homelessness

Chapter 341 of 2014 established the Interagency Council on Homelessness to, among other things, coordinate State policy and working relationships among State, local, and nonprofit agencies concerning efforts to remedy and prevent homelessness; review and analyze the need for and availability of affordable and accessible housing resources to address the needs of homeless individuals throughout the State; and recommend changes necessary to alleviate or prevent homelessness. ***Senate Bill 22*/*House Bill 593 (both passed)*** alter the composition of the Interagency Council on Homelessness by adding the Secretary of Disabilities to the council and increasing, from six to nine, the number of representatives from diverse geographical regions of the State who are engaged in homeless advocacy with a focus on housing, employment, and access to health care. The bills also require the Governor to designate as chair a member who is a secretary or a secretary's designee and express the intent of the General Assembly that any designee of a department secretary or the State Superintendent on the council have decision making authority on issues that relate to the council's work.

Shelter and Transitional Housing Facilities Grant Program

The Shelter and Transitional Housing Facilities Grant Program within the Department of Housing and Community Development provides grants to local governments and nonprofit organizations in order to develop emergency shelters and transitional housing for homeless individuals and families. The program has received between $1.5 and $2.0 million in capital funding annually. ***Senate Bill 797*****/*****House Bill 1476 (both passed)*** require the Governor to provide at least $3.0 million in the annual budget bill for the program.

The Elderly

The Senior Citizen Activities Center Operating Fund is a nonlapsing fund that consists of appropriations from the State budget. Generally, the fund supports activities to keep individuals healthy through services provided at senior centers, such as fitness and nutrition education programs, dental health programs, and disease management programs. The Maryland Department of Aging (MDoA) has also used the fund to help ensure senior centers remain open three to five days per week to support the local senior population. ***Senate Bill 98 (Ch. 17)*** increases the required annual appropriation to the fund from $500,000 to $750,000 and conforms the definition of “distressed county” to the definition for “qualified distressed county” under the Economic Development Article. The Act also alters the distribution methodology for funds by dividing all funding into three categories:

- $100,000 must be distributed to counties for senior citizen activities centers based on the existing competitive grant process administered by MDoA;
- $400,000 must be distributed based on each county’s proportional share of the statewide population of senior citizens, with each county receiving a minimum of $5,000; and
- at least $250,000 must be distributed to “distressed counties,” with $150,000 distributed evenly and $100,000 divided proportionately based on each county’s proportional share of the statewide population of senior citizens in distressed counties.

The Disabled

Maryland Achieving a Better Life Experience Program

The federal Stephen Beck, Jr., Achieving Better Life Experience Act of 2014 allows a state (or a state agency or instrumentality) to establish a tax-advantaged savings program under which contributions may be made to an account that may be used to pay for qualified disability expenses of the designated beneficiary. The funds in this account, up to a specified threshold, do not count toward asset tests for eligibility for Supplementary Security Income, Medicaid, and other federal means-tested benefits.

Chapter 382 of 2015 created the Task Force on the Maryland Achieving Better Life Experience (ABLE) Program and required the task force to submit a report by December 1, 2015, to include recommendations for establishing a Maryland ABLE program. ***House Bill 431 (Ch. 39)*** generally encompasses the recommendations of that report and requires the College Savings Plans of Maryland Board (renamed the Maryland 529 Board under the Act), in consultation with the Maryland Department of Disabilities (MDOD), to establish, administer, manage, and promote the Maryland ABLE program. The board may collaborate and participate with other states or entities when doing so. The Act also establishes an income tax subtraction modification for contributions to an ABLE account that is similar to the subtraction modification for contributions to existing 529 plans. Funds in ABLE accounts may not be considered for the purpose of determining eligibility to receive, or the amount of, any assistance or benefits from local or State means-tested programs. The Act expresses that it is the goal of the State that the Maryland ABLE program be fully operational by October 1, 2017.

Ethan Saylor Alliance for Self-Advocates as Educators

The Ethan Saylor Alliance for Self-Advocates as Educators within MDOD was established by Chapters 387 and 388 of 2015 to advance the "community inclusion" of individuals with intellectual disabilities and developmental disabilities by preparing and supporting self-advocates to play a central role in educating others, particularly law enforcement, about appropriate and effective interactions with individuals with intellectual and developmental disabilities. ***Senate Bill 147/House Bill 22 (both passed)*** require the steering committee of the alliance to review, or to request the alliance to review, the content and monitor the implementation of the training objectives and curriculum adopted by the Police Training Commission for a community inclusion program. The review must be conducted at least every four years.

Children

Foster Youth Summer Internship Program

Chapter 316 and 317 of 2013 established the Foster Youth Summer Internship Pilot Program, which required the Secretary of Budget and Management, with the assistance of the Secretary of Human Resources and the directors of local departments of social services, to coordinate internships in State agencies for foster youth. The pilot program terminates December 31, 2016. ***Senate Bill 785/House Bill 1162 (Chs. 78 and 79)*** codify the program under the primary responsibility of the Secretary of Human Resources.

Child Care

Family child care homes, with a few exceptions, and child care centers may not operate in the State or advertise unless they are registered and licensed, respectively. ***Senate Bill 312/ House Bill 329 (both passed)*** prohibit a person from advertising an unlicensed child care center or unregistered family child care home. A violator is subject to a civil penalty ranging from $250 for a first offense to $1,000 for the third and each subsequent offense. Advertisements for child care services must include a registration or license number. Maryland State Department of Education (MSDE) employees and State and local fire marshals may visit advertised unregistered family child care homes and unlicensed child care centers if a warning letter is sent and the child care provider is not adequately responsive. MSDE employees are also authorized to serve civil citations for violations of advertising requirements.

Miscellaneous

Noncustodial Parent Employment Assistance Pilot Program

House Bill 1502 (passed) requires DHR's Child Support Enforcement Administration to develop and implement a Noncustodial Parent Employment Assistance Pilot Program in Baltimore City to provide unemployed or underemployed noncustodial parents assistance in obtaining employment that will enable them to achieve economic self-sufficiency and meet their child support obligations. For further discussion of this issue, see the subpart "Family Law" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Part K
Natural Resources, Environment, and Agriculture

Natural Resources

Land Preservation

Restored/Increased Funding

A significant amount of transfer tax funding that otherwise would have been distributed among Program Open Space (POS) and other land preservation programs has been transferred in recent years, and through fiscal 2018 continues to be transferred, to help balance the State's operating budget. Those funds have been partially replaced with general obligation bond funding. ***House Bill 462 (Ch. 10)*** takes actions to restore certain funding to the special fund into which transfer tax revenues are deposited (transfer tax special fund) and ultimately to POS (which consists of State and local shares of funding) and other programs and purposes supported by the fund. The Act also modifies the amount of POS funding that must be allocated for direct grants to Baltimore City for park purposes and eliminates certain required appropriations to the Rainy Day Fund. Some of the Act's provisions implement, or are similar to, recommendations of a workgroup formed in 2015, at the request of the budget committees of the General Assembly, to evaluate the State's land preservation programs.

The major provisions of the Act include:

- ***Reimbursement of $90.0 Million Transferred to the General Fund in Fiscal 2006:*** An existing requirement to reimburse a fiscal 2006 $90.0 million transfer, beginning in fiscal 2019 (if a condition is met), is replaced by mandated appropriations in the following amounts and fiscal years: $5.0 million in fiscal 2018 for the Next Generation Farmland Acquisition Program; $45.0 million over the course of fiscal 2019 through 2021 to be allocated among land preservation programs under an existing formula; and $40.0 million over the course of fiscal 2019 through 2025 for park development and critical maintenance projects on lands managed by the Department of Natural Resources (DNR).

- ***Reduction of Fiscal 2017 and 2018 Transfers:*** An existing authorization to transfer $82.8 million from the transfer tax special fund to the general fund in fiscal 2017 is reduced by $20.0 million, and an existing authorization to transfer $86.0 million in fiscal 2018 is reduced by $40.0 million. The $20.0 million in fiscal 2017 and $40.0 million in 2018 that is retained in the special fund is directed toward specific programs and purposes otherwise funded by transfer tax revenues, pursuant to both the Act and the fiscal 2017 budget (the budget includes special fund appropriations totaling $20.0 million that are contingent on the enactment of legislation to increase funding for land preservation programs).

- ***Reimbursement of Fiscal 2016, 2017, and 2018 Transfers*****:** The cumulative amount appropriated or transferred from the transfer tax special fund to the general fund in fiscal 2016, 2017, and 2018, less $72.0 million, must be reimbursed to the transfer tax special fund in future years (one-third by fiscal 2021; two-thirds by fiscal 2025; and the total amount by fiscal 2029). The amount of $72.0 million is roughly equivalent to certain bond funding provided in the fiscal 2016 capital budget for programs otherwise funded by transfer tax revenues.

- ***Reimbursement of Any Future Transfers:*** Any future appropriations or transfers to the general fund after fiscal 2018 must be reimbursed over the three successive fiscal years following the transfer.

- ***Baltimore City Direct Grants from the State's Share of POS Funding:*** A requirement that Baltimore City receive a minimum of $1.5 million each year in direct grants for park purposes from the State's share of POS funding is replaced with specified required amounts increasing from $1.5 million in fiscal 2017 to $6.0 million in fiscal 2020 and each subsequent fiscal year.

- ***Elimination of Certain Rainy Day Fund Appropriations:*** For fiscal 2018 and 2019, the Act eliminates a requirement that the Governor include in the budget bill an appropriation to the Rainy Day Fund equal to a specified portion of the amount by which the unappropriated general fund surplus at the end of the second preceding fiscal year exceeds $10.0 million. While the Act also eliminates that requirement in fiscal 2017, the fiscal 2017 budget bill includes the appropriation. The Act indicates that these changes are intended to assure that sufficient general funds are available to support the Act.

- ***Maryland Zoo Funding:*** The Governor is authorized in fiscal 2017 to process a budget amendment to create an appropriation from POS funding for $500,000 to be allocated as a grant to the Maryland Zoo in Baltimore for zoo operations.

Program Open Space Capital Funding – Technical Correction

Transfer tax revenues are allocated by formula among POS and other land preservation programs, and a portion of the State's share of POS funding is authorized to be used for capital improvements on State land. ***House Bill 331 (Ch. 100)*** corrects a statutory reference in the provision that defines what portion of the State's share is authorized to be used for capital improvements, conforming statute to the manner in which the General Assembly and Governor have been allocating POS funds for capital improvements to date.

Maryland Environmental Trust

The Maryland Environmental Trust acquires and holds conservation easements; serves as a steward of land protected by such easements; and provides training, technical assistance, and support to nonprofit land trusts as well as other education and outreach. The trust is funded through the State operating budget as well as private funding. ***Senate Bill 4 (passed)*** increases the number of members on the board of trustees, from 15 to 19, and modifies the manner in which the trustees other than the Governor, President of the Senate, and Speaker of the House are elected. The bill generally requires those 16 trustees to be elected (by a majority vote of trustees present), four each year, to serve four-year terms, from recommendations submitted by the Governor, President of the Senate, and Speaker of the House. The recommendations, insofar as is practicable and consistent with the purposes of the trust, must meet certain criteria regarding distribution of professions and geographies, diversity, and experience.

Payments to Counties for State Lands

Counties receive a portion of revenue derived from State forests and parks in each respective county, including net revenue from concession operations. Those revenue-sharing payments made to the counties, by the State, have been reduced significantly in certain recent years through budget reconciliation legislation. In fiscal 2014, the most recent completed fiscal year in which the full payments were made, the payments totaled $2.4 million. ***Senate Bill 263*/*House Bill 1409 (both failed)***, as introduced, would have replaced those revenue-sharing payments with payments based on the amount of land in a county that consists of State forests, State parks, and wildlife management areas. After a phase-in period, by fiscal 2020 the total amount of the payments would have reached $15.0 million. As amended by the House, the bills would have instead required the State to match the existing revenue-sharing payments, increasing the amount of revenue received by the counties to approximately $4.8 million.

Tree Expert Licenses

DNR licenses tree experts (professionals engaged in the business or work of treatment, care, or removal of trees more than 20 feet tall for compensation) working in the State. Changes established under Chapter 20 of 2011 that give DNR the authority to set by regulation tree expert license fees, and the timetable and procedure for license renewal, are made permanent under ***House Bill 65 (Ch. 87)***. The changes otherwise would have terminated September 30, 2016.

Vessel Excise Tax Cap

Chapter 180 of 2013 established a $15,000 per vessel cap on the 5% vessel excise tax, but under Chapter 180, the cap terminates June 30, 2016. ***Senate Bill 58*/*House Bill 14 (both passed)*** make the cap permanent, and also require the cap to increase by $100 on July 1 of each year beginning on July 1, 2016. The $15,000 cap affects vessels with a fair market value of more than $300,000. In fiscal 2015, based on vessel excise tax collections for that fiscal year, the maximum loss of revenue that could have resulted from the cap was $3.0 million. However, a recent analysis by the University of Maryland Environmental Finance Center indicates that the cap may have caused an increase in the number and fair market value of vessels paying the tax, in which case the revenue loss in fiscal 2015 may have been significantly less.

Chesapeake and Atlantic Coastal Bays Laws

The Chesapeake and Atlantic Coastal Bays Critical Area Program, which is implemented through local critical area programs developed and implemented by local jurisdictions, regulates development activity in the "critical area" surrounding, and including, the Chesapeake Bay and Atlantic Coastal Bays. A local jurisdiction, as part of its local program, may allow for a transfer of a parcel of land despite development limitations under the program, to establish a residence for an immediate family member. ***House Bill 389 (Ch. 103)*** alters the definition of "immediate family" to include a sibling.

The Critical Area Commission for the Chesapeake and Atlantic Coastal Bays, which oversees the development and implementation of local critical area programs, consists of 29 voting members, 1 of which is the Mayor of Ocean City. ***Senate Bill 132 (Ch. 51)*** authorizes the Mayor of Ocean City to appoint a designee to serve on the commission in place of the mayor. The Act also establishes that the mayor, or the mayor's designee, unlike appointed members of the commission, is not subject to the advice and consent of the Senate.

Reflecting more recent terminology relating to Chesapeake Bay restoration, ***Senate Bill 61 (Ch. 43)***, in provisions of law relating to forest lands and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund (1) replaces references to the "Chesapeake 2000 Agreement" with the "2014 Chesapeake Bay Watershed Agreement" and (2) replaces references to achieving the State's "tributary strategies" with references to supporting "State and local watershed implementation plans" by targeting limited financial resources on the most effective nonpoint source pollution control projects.

Black Fly Management and Control

Under ***Senate Bill 876***/***House Bill 870 (both passed)***, subject to available funding, DNR is authorized to implement a program to control the spread of black flies in the State, in conjunction with the Maryland Department of Agriculture and the University of Maryland's Department of Entomology. The program must initially be implemented in Washington County.

Hunting and Fishing

Recreational Hunting and Fishing Licenses

To provide funding for the protection and management of fish and wildlife in the State, a person may not recreationally hunt game birds or mammals or fish in the waters of the State without purchasing from the Department of Natural Resources (DNR) a hunting license, an angler's license for fishing in nontidal waters, or a Chesapeake Bay or coastal sport fishing license or registration for fishing in tidal waters. In addition, a person may need to acquire certain hunting or fishing stamps to harvest certain species of fish or game.

Since 2012, DNR has used the online COMPASS system for the purchase of hunting and fishing licenses and stamps. ***House Bill 62 (Ch. 85)*** alters the requirements and procedures for the application for, and issuance of, hunting and fishing licenses and registrations to conform to actual practice under the COMPASS system.

Senate Bill 775 (passed) establishes a recreational license donation program, through which a person may purchase and donate a recreational hunting or fishing license and any corresponding stamps for issuance, free of charge, by DNR to a gold star recipient, a disabled veteran or member of the U.S. military, or a permanently disabled person who requires the use of a wheelchair. A recipient of a donated license or stamp must be sponsored by a qualifying nonprofit charitable organization that provides recreational hunting or fishing opportunities to gold star recipients, disabled veterans or members of the U.S. military, or permanently disabled persons who require the use of a wheelchair. DNR is required to submit a report on the program to the Governor and the General Assembly by December 31, 2018. The bill terminates on June 30, 2019.

DNR may issue an annual complimentary hunting or angler's license to the President of the United States, the governor of any state, and a fish and game official of any other state (for hunting licenses, the other state must offer reciprocal privileges to Maryland fish and game officials). No more than 20 complimentary angler's licenses for each state other than Maryland may be outstanding at any time. Among other things, ***House Bill 766 (Ch. 117)*** establishes the same complimentary privileges that apply to angler's licenses to the Chesapeake Bay and coastal sport fishing license.

Hunting

Archery Hunting Safety Zones

A safety zone is an area surrounding a dwelling house, residence, church, or other building or camp occupied by human beings within which a person, other than the owner or occupant, may not shoot or discharge any firearm or other deadly weapon while hunting. ***House Bill 20 (passed)*** decreases the archery hunting safety zone radius in Calvert and St. Mary's counties from 150 to 50 yards, thus making available additional hunting grounds. ***Senate Bill 46*/*House Bill 321 (both passed)*** decrease the archery hunting safety zone radius in Anne Arundel County from 150 to 100 yards. ***House Bill 516 (passed)*** decreases the archery hunting safety zone radius in

Harford County from 100 to 50 yards, but requires an archery hunter who is within 50 to 100 yards of a building or camp to use a tree stand.

Sunday Hunting

Wild turkey hunting takes place in Maryland during the fall in Allegany, Garrett, and Washington counties and in the spring in all counties. With specified exceptions, hunting game birds and mammals on Sundays is prohibited. ***Senate Bill 219/House Bill 169 (both passed)*** authorize turkey hunting on private property in Carroll County on Sundays during the spring turkey hunting season.

Poaching Prevention

Senate Bill 266/House Bill 410 (both passed) require that if a person is convicted of poaching deer in the State, the court must order the person, in addition to any criminal penalties, to pay restitution and perform community service as determined by the court. For an act of poaching that involves trespassing on another's property, the additional restitution and community service penalties apply with respect to the trespass violation only if the act of trespass is performed knowingly or willfully. Any restitution collected under the bills' provisions is credited to the State Wildlife Management and Protection Fund.

A person convicted of poaching deer must pay restitution of between \$2,000 and \$5,000, in an amount deemed reasonable by the court, and perform 80 hours of community service for each sika deer or antlered white-tailed deer with a Boone and Crockett Club score of 150 gross inches or less that is taken. If a person is convicted of poaching an antlered white-tailed deer with a Boone and Crockett Club score of more than 150 gross inches, the person must pay restitution of between \$5,000 and \$10,000, in an amount deemed reasonable by the court, and perform 80 hours of community service. If a person is convicted of poaching an antlerless white-tailed deer, the person must pay restitution of between \$300 and \$500, in an amount deemed reasonable by the court, or perform 40 hours of community service.

Deer Management Permits

DNR issues deer management permits authorizing persons to harvest on farmland a specified number of deer outside of the regular deer hunting season to prevent crop damage. ***Senate Bill 401/House Bill 1417 (both passed)*** authorize a deer management permit holder in Charles and St. Mary's counties to use a shotgun or breech loading center fired rifle approved by DNR throughout the year, instead of just during deer hunting season.

Fishing

Commercial Licenses

Senate Bill 1054/House Bill 1387 (both passed) establish a commercial northern snakehead bowfishing license, authorizing the holder to catch for sale northern snakeheads in the tidal waters of the State using a bow and arrow attached to a retrieval line. A licensee may not fish within 100 yards of (1) another person or vessel; (2) a public or private swimming area; (3) a diver down flag; or (4) an occupied offshore stationary blind. An applicant does not need to hold a tidal fishing license to be eligible for the snakehead license. The term of a license is one year and the annual license fee is $15.

Gear

Finfish trotlines are an effective gear to harvest the invasive blue and flathead catfish. ***House Bill 63 (Ch. 86)*** authorizes DNR, in consultation with the Tidal Fisheries Advisory Commission and the Sport Fisheries Advisory Commission, to adopt regulations defining and governing the use of commercial finfish trotlines. The Act terminates on June 30, 2019.

In Baltimore and Harford counties, a person may fish for carp with a haul seine during the period from Friday midnight until sunrise on Monday in the tidal waters of the State. This privilege gives commercial license holders additional time for the harvest of carp, a fishery that can be erratic due to weather and tides. ***House Bill 318 (passed)*** extends the same privileges for the harvest of gizzard or mud shad, carp, or catfish in Kent County.

The daily oyster harvest limit for dredge boats is 150 bushels per boat. In comparison, those harvesting by power dredge are limited to 12 bushels per licensee and 24 bushels per boat, and those harvesting by shaft tong, patent tong, or diving apparatus are limited to 15 bushels per licensee and 30 bushels per boat. Dredge boats have a higher harvest limit in large part due to historic and operational reasons. Management measures for dredge boats, including the limited authorization for the boats to be propelled by an auxiliary yawl boat when harvesting oysters by dredge, are intended to apply to dredge boats built in the style of a traditional Chesapeake Bay bugeye, schooner, or skipjack, preserving a part of Chesapeake Bay heritage. In addition to having had a 150 bushel harvest limit for decades, these traditional vessels have much higher maintenance costs than other types of vessels used in the oyster fishery, and require many more crew members to operate. ***House Bill 319 (passed)*** establishes that provisions of law, including increased harvest limits, that apply to a dredge boat only apply to a vessel that (1) is a functional sailing vessel used to catch oysters or clams by dredge; (2) is built in the style of a traditional Chesapeake Bay bugeye, schooner, or skipjack; (3) uses a sailing rig composed of at least one mast and one boom capable of holding sails and configured for sailing; (4) includes a set of davits capable of removing an auxiliary yawl boat from the water; (5) does not have a screw, a propeller, an engine, a turbine, or any other device for self-propulsion used in catching oysters by dredge; and (6) meets all U.S. Coast Guard requirements.

Senate Bill 1054/House Bill 1387, in addition to establishing a commercial northern snakehead bowfishing license, authorize DNR, in consultation with the Tidal Fisheries Advisory Commission and the Sport Fisheries Advisory Commission, to adopt regulations defining and governing the use of bowfishing gear.

Aquaculture

The Aquaculture Coordinating Council is charged with studying, making recommendations regarding, and generally supporting the aquaculture industry in the State.

House Bill 51 (Ch. 82) adds two members to the Aquaculture Coordinating Council – one representative of the Oyster Recovery Partnership (a nonprofit organization that plans, promotes, and implements science-based and sustainable shellfish restoration, aquaculture, and wild fishery activities) and one representative of the Maryland Farm Bureau (a nonprofit organization focused on increasing farm income and quality of life).

House Bill 799 (passed) establishes that a person who willfully, negligently, recklessly, wrongfully, or maliciously enters any area leased to another person for aquaculture purposes to harvest, damage, or transfer shellfish or to alter, damage, or remove any markings or equipment is, in addition to being liable to the leaseholder, liable to any agent, employee, business partner, or contractor of the leaseholder.

Oyster Management

Sustainable Harvest and Fishery

Senate Bill 937 (passed) requires DNR, in consultation with the University of Maryland Center for Environmental Science, to conduct, as part of its fishery management plan for oysters, a study (1) to identify available data that may be used to conduct an oyster stock assessment; (2) to identify stock assessment techniques; (3) that includes a stock assessment that provides guidance for the development of biological reference points (BRPs); and (4) to identify objective and measurable means to determine if the oyster fishery is operating within the BRPs. The study must be submitted to a peer review panel. Based on the determination of whether the oyster fishery is operating within the BRPs, DNR, through a public process, must identify management strategies for the oyster population and fishery. DNR must submit interim and final reports to the Governor, the Oyster Advisory Commission, and the General Assembly on the results of the study and any proposed or implemented management strategies.

Environment

Climate Change

The Greenhouse Gas Reduction Act of 2009 (Chapters 171 and 172) was enacted in light of Maryland's particular vulnerability to the impacts of climate change. The Act required the State to develop plans, adopt regulations, and implement programs to reduce greenhouse gas (GHG) emissions by 25% from 2006 levels by 2020. The 25% by 2020 emissions reduction requirement was set to terminate December 31, 2016, unless reauthorized by legislation.

The Greenhouse Gas Reduction Act of 2009 also required the Maryland Department of the Environment (MDE) to submit a progress report to the Governor and the General Assembly by October 1, 2015. That report, the *2015 Greenhouse Gas Emissions Reduction Act Plan Update*, indicates that although Maryland is on target to exceed the required 25% emissions reduction by 3.71 million metric tons of carbon dioxide-equivalent, more reductions will be needed to minimize the impacts of climate change. Further, the Maryland Commission on Climate Change's (MCCC)

2015 final report recommends adopting a goal and developing a plan to reduce GHG emissions by 40% from 2006 levels by 2030, with continued inclusion of safeguards, exemptions, studies of those exemptions, reassessment provisions, and other relevant language contained in the Greenhouse Gas Reduction Act of 2009.

Senate Bill 323 (Ch. 11) repeals the termination date of the current requirement to reduce GHG emissions by 25% from 2006 levels by 2020 and establishes a new reduction requirement, requiring the State to develop plans, adopt regulations, and implement programs to reduce GHG emissions by 40% from 2006 levels by 2030. This 2030 reduction requirement terminates December 31, 2023.

MDE must submit its proposed 2030 GHG emissions reduction plan to the Governor and the General Assembly by December 31, 2018. The proposed plan must be made publicly available, and MDE must convene public workshops to provide interested parties with an opportunity to comment on the proposed plan. MDE must include the Maryland Department of Agriculture, the Maryland Farm Bureau, the Maryland Association of Soil Conservation Districts, the Delmarva Poultry Industry, the Maryland Diary Industry Association, and the Maryland Agricultural Commission in discussions on the role to be played by agriculture to reduce GHG emissions while developing plans, adopting regulations, and implementing programs to reduce GHG emissions in accordance with the Act's provisions.

After consultation with appropriate State and local agencies, MDE must adopt the final 2030 emissions reduction plan by December 31, 2019. The final plan must include adopted regulations that implement all of the plan's measures and a timeline for seeking additional legislative authority if necessary. MCCC must oversee an independent academic study of the economic impact of requiring GHG emissions reductions from the manufacturing sector. The institution of higher education responsible for the independent study must complete and submit the study to the Governor and the General Assembly by October 1, 2022.

Finally, MDE must submit a report by October 1, 2022, and every five years thereafter, on the progress toward achieving the 2030 GHG emissions reduction goal and the reductions needed by 2050 to avoid specified climate changes, based on contemporary science. On receipt of the required independent study, MDE's October 1, 2022 progress report, and future progress reports, the General Assembly (1) may act to maintain, revise, or eliminate the 40% reduction requirement and (2) must consider whether to continue specified provisions related to the manufacturing sector.

Water Quality and Management

Septic Systems

Chapter 428 of 2004 established the Bay Restoration Fund (BRF), which is administered by the Water Quality Financing Administration within MDE. The main goal of BRF is to provide grants to owners of wastewater treatment plants to reduce nutrient pollution to the Chesapeake Bay by upgrading the systems with enhanced nutrient removal (ENR) technology. The fund is also used to support septic system upgrades and the planting of cover crops.

As a revenue source for the fund, Chapter 428 established a bay restoration fee on users of wastewater facilities, septic systems, and sewage holding tanks. Of the BRF revenue collected from users of septic systems and sewage holding tanks, 60% must be deposited into a separate account, commonly referred to as the Septics Account, to provide grants and loans to septic system owners for the upgrade of their septic systems and to implement an education and outreach program. Septics funds can be used to cover up to 100% of (1) the cost of repairing, replacing, or upgrading a septic system to a system utilizing best available technology (BAT) for nitrogen removal, or the difference in cost between a new conventional system and one utilizing BAT; (2) the cost of replacing multiple septic systems in the same community with a new community sewerage system that meets ENR standards and other specified conditions; and (3) grants or loans for connecting a property served by a septic system to an ENR wastewater facility. Five years of operation and maintenance is included in the initial grant amount provided for all residential BAT systems.

House Bill 90 (Ch. 93) expands the authorized uses of the BRF Septics Account to include providing financial assistance to low-income homeowners for up to 50% of the cost of an operation and maintenance contract of up to five years for an on-site sewage disposal system that utilizes nitrogen removal technology. Either MDE or a local government must determine an applicant's eligibility and the level of assistance to be provided based on the average cost of such a contract provided by vendors in the applicant's area.

Wetland Mitigation Banking

Before conducting a regulated activity in nontidal wetlands, a person must obtain a permit from and work with MDE to avoid wetland impacts. If the wetland impacts are unavoidable, the applicant must utilize the project design that will minimize the impacts and provide appropriate mitigation for those impacts.

In 1993, the Nontidal Wetlands Protection Act was amended to encourage the development of a mitigation banking industry in Maryland. Mitigation banking allows a public or private developer to (1) acquire a long-term interest in a degraded wetland or appropriate upland area; (2) restore, enhance, or create a functional wetland ecosystem; and (3) ultimately sell credits from the mitigation bank to permittees whose projects will unavoidably impact nontidal wetlands. However, there is a disincentive in State law that requires higher compensation ratios when a permittee chooses to mitigate by purchasing credits from an approved mitigation bank.

House Bill 797 (passed) repeals provisions of law that establish compensation ratios for wetland mitigation through mitigation banks. The bill also repeals the preference for on-site alternatives and sites in the same watershed and county as the project requiring mitigation during the mitigation siting process. Instead, mitigation through a mitigation bank must be accomplished within a "service area," as determined by MDE. A "service area" is defined as the geographic area within which impacts can be mitigated at a specific mitigation bank, as designated in its instrument. ***House Bill 797*** also requires public notice and comment when siting any wetland bank, not just those that are greater than five acres in size.

Water Quality Monitoring

MDE regulations require that an owner or operator of a beach that is open to the public for bathing, swimming, or other water recreation and which abuts a pond, lake, bay, or other water body must obtain a permit to operate the beach. Permitted beaches must comply with requirements for water quality monitoring, and the frequency of water sampling varies depending on how frequently the beaches are used and their risks of pollution. At a minimum, beaches must be monitored monthly. The approving authority must close a beach and provide prompt public notification if pollutants reach specified levels.

House Bill 1101 (Ch. 131) exempts a "closed swimming lake" that is located within and maintained by a municipality, and that is only accessible to residents of the municipality, from State regulations that apply to public bathing beaches or any county regulations related to public swimming facilities. A "closed swimming lake" is defined as a body of water that is 1.5 acres in surface area or less, is used for swimming, and does not have a circulation system. A municipality that maintains a closed swimming lake must establish a policy to assess and monitor the water quality of the closed swimming lake, which must be consistent with specified requirements in State regulations regarding sanitary quality, tiered monitoring, and public notification.

Water Appropriation and Use

A permit must be obtained from MDE to appropriate or use, or to begin to construct any plant, building, or structure that may appropriate or use, any waters of the State. ***House Bill 1527 (Ch. 142)***, an emergency measure, exempts the use of tidal waters for oyster aquaculture purposes from the requirement to obtain a water appropriation and use permit if the water is returned to the same body of water from which it is appropriated. For a further discussion of ***House Bill 1527***, see the subpart "Hunting and Fishing" within this part of this *90 Day Report*.

Sources of Radiation

The Secretary of the Environment may adopt regulations that establish a fee schedule for general licenses, specific licenses, and the registration of radiation machines or other sources of radiation. For a dental office or dental facility operated by a licensed dentist, a partnership of licensed dentists, a professional association of licensed dentists, or a public health dental facility, the Secretary may adopt regulations that establish a fee to offset the costs of monitoring and regulating sources of radiation within that dental facility. Under current law, the fee per dental radiation machine is $80 per year. Dental schools accredited by the Commission on Dental Accreditation of the American Dental Association are exempt from the fee for monitoring and regulating sources of radiation at a dental facility. ***Senate Bill 1136 (passed)***, an emergency measure, exempts, beginning after June 30, 2016, a temporary pro bono dental clinic that operates less than 100 hours a year from the requirement to pay fees for monitoring and regulating sources of radiation.

Mineral Interests

The Maryland Dormant Minerals Interest Act (Chapters 268 and 269 of 2010) specifies the actions taken by or under the authority of the owner of a mineral interest, in relation to any mineral that is part of the mineral interest, that constitutes the use of the *entire* mineral interest. ***Senate Bill 525/House Bill 576 (both passed)*** clarifies that when an owner of a mineral interest takes any of the following specified actions in relation to any mineral that is part of the mineral interest, that action shall constitute use of the entire mineral interest *owned by that owner:* (1) specified active mineral operations on or below the surface of the real property or other property used or pooled with the real property; and (2) recordation of an instrument that creates, reserves, or otherwise evidences a claim to, or the continued existence of, the mineral interest. Additionally, the payment of specified taxes by or under the authority of an owner of the taxed mineral interest constitutes use of the entire mineral interest that is taxed and any other mineral interest that is not taxed but on which the owner owns all or a partial interest. Finally, the bills clarify that a judgment or decree recorded by or under the authority of an owner that makes a specific reference to any mineral interest that is part of the mineral interest constitutes use of the mineral interest specified in the judgment or decree.

Agriculture

Pollinator Protection

A Presidential Memorandum on creating a federal strategy to promote the health of honey bees and other pollinators was issued in June 2014. The memorandum cited the importance of pollinators to the U.S. economy and significant loss of those pollinators, including honey bees, native bees, birds, bats, and butterflies, over the past few decades. The memorandum contained several directives, including the establishment of a Pollinator Health Task Force, consisting of representatives of various federal agencies, to develop a National Pollinator Health Strategy. Among the directives for increasing and improving pollinator habitat, the memorandum (1) required task force member agencies to develop and implement, as appropriate, plans to enhance pollinator habitat on their managed lands and facilities and (2) required the U.S. Environmental Protection Agency (EPA) to engage state and tribal environmental, agricultural, and wildlife agencies in the development of state and tribal pollinator protection plans. The National Pollinator Health Strategy, issued in May 2015, describes these plans as articulating means through which growers, applicators, and beekeepers can quickly and effectively communicate pesticide applications in close proximity to managed colonies. The memorandum also required EPA to assess the effect of pesticides, including neonicotinoids, on the health of bees and other pollinators and to take action, as appropriate, to protect pollinators. It is anticipated that the State will issue a draft managed pollinator protection plan in April 2016. Existing measures that relate to pollinator health include the Maryland Department of Agriculture (MDA) Apiary Inspection Program, which registers and inspects managed bee colonies and honey houses in the State. The program also provides technical assistance and works to promote the beekeeping industry. MDA indicates that as of December 2015, there were 1,895 registered beekeepers with 14,594 colonies at 2,469 locations in the State. In addition, statutory requirements imposed on the shipment and transportation of bees and used bee equipment into the State help prevent the importation of any infectious bee disease.

Neonicotinoid Pesticides

Neonicotinoid pesticides, a class of insecticides that affects the central nervous system of insects, are commonly used globally and in the State. Neonicotinoid pesticide active ingredients are classified by EPA as general-use pesticides, which may be purchased at retail outlets and used by the general public. Concern has been raised, however, about the impact of neonicotinoid pesticides on nontarget organisms, including bees and other pollinators, and the environment. EPA is reviewing the neonicotinoid class as part of a review process intended to ensure that registered pesticides continue to not have unreasonable adverse effects. EPA has also implemented a requirement that the labels of products that contain neonicotinoid pesticides and have directions for outdoor application to foliage include specific terms to highlight measures necessary to better protect pollinators.

Senate Bill 198*/*House Bill 211 (both passed) establish specified restrictions, effective January 1, 2018, on the sale and use of neonicotinoid pesticides. The restrictions do not apply to (1) pet care products used to mitigate fleas, mites, ticks, heartworms, or other animals that are harmful to the health of a domesticated animal; (2) personal care products used to mitigate lice and bedbugs; and (3) indoor pest control products used to mitigate insects indoors, including ant bait. Under the bills, the pesticides may be used only by a certified applicator or a person working under the supervision of a certified applicator, a veterinarian, or a farmer or a person working under the supervision of a farmer who uses the pesticide for certain agricultural purposes. A person who violates any of the provisions is subject to a civil penalty of $250.

The bills also require MDA to incorporate pollinator habitat expansion and enhancement practices into the State's managed pollinator protection plan. In addition, on completion of EPA's pollinator risk assessment of four specified neonicotinoid pesticides, MDA must review the State's pesticide laws and regulations and make recommendations for any changes necessary to ensure State laws and regulations are protective of pollinators, taking into account EPA's recommendations. MDA must report its findings and recommendations within six months of EPA's completed pollinator risk assessment.

Pollinator Habitat Plans

House Bill 132 (passed) requires the Department of Natural Resources, the Maryland Environmental Service, and the State Highway Administration to each establish, in consultation with MDA, a pollinator habitat plan by July 1, 2017. Among other things, a pollinator habitat plan must include best management practices for the maintenance, creation, enhancement, and restoration of pollinator habitats and must adhere to MDA's managed pollinator protection plan. Each agency must (1) make the agency's pollinator habitat plan available to the public on its website by September 1, 2017; (2) report to specified legislative committees on the plan by January 1, 2018; and (3) implement the plan by July 1, 2018.

Transportation and Shipment of Bees, Bee Colonies, and Used Equipment

Senate Bill 113 (Ch. 22) repeals (1) the requirement that a person request an entry permit from MDA before shipping or transporting any bee colony or used bee equipment into the State and (2) the prohibition against shipping or transporting into the State a colony or equipment that is not accompanied by an entry permit. However, the Act maintains (1) the requirement that an inspection certificate from the state of origin and other specified information be submitted to MDA before shipping or transporting a bee colony or used bee equipment into the State and (2) the requirement that the inspection certificate accompany the colony or equipment. The Act also modifies a provision governing MDA's enforcement actions to apply in any case where a colony or bee is transported into the State in a manner that does not meet applicable requirements.

Funding of Agricultural Land Preservation Programs

State Transfer Tax

A significant amount of transfer tax funding that otherwise would have been distributed among Program Open Space and other land preservation programs, including the Maryland Agricultural Land Preservation Foundation, the Rural Legacy Program, and the Heritage Conservation Program, has been transferred in recent years to help balance the State's operating budget. Those funds have been only partially replaced with general obligation bond funding. ***House Bill 462 (Ch. 10)*** takes various actions to restore funding to the transfer tax special fund and the programs and purposes supported by the fund. Among other things, the Act reduces existing authorizations for the Governor to transfer funds from the transfer tax special fund to the general fund in fiscal 2017 and 2018. The Act also establishes mandated general fund appropriations to the transfer tax special fund in fiscal 2019, 2020, 2021, 2025, and 2029. In addition, the Act mandates an appropriation of $5 million in fiscal 2018 to the Maryland Agricultural and Resource-Based Industry Development Corporation to provide grants for the Next Generation Farmland Acquisition Program. For a more detailed discussion of this Act, see the subpart "Natural Resources" within this part of this *90 Day Report*.

Agricultural Land Transfer Taxes

In *Montgomery County v. Phillips, et al.*, 445 Md. 55 (2015), the Maryland Court of Appeals held that the 25% State surcharge imposed on instruments of writing transferring title to certain agricultural land is, by definition, a part of the State agricultural land transfer tax and must be calculated into, and treated as a part of, the tax ceiling limiting a county's transfer tax. ***Senate Bill 306*/*House Bill 833 (both passed)*** alter the definition of the "agricultural land transfer tax" to specify that the tax does not include the 25% surcharge. The bills also define the "total rate of tax" as the rate of tax imposed for the agricultural land transfer tax plus the county transfer tax rate. Accordingly, beginning in fiscal 2017, local jurisdictions will not have to include the 25% surcharge when calculating the county transfer tax rate limit. For a further discussion of this issue, see the subpart "Miscellaneous Taxes" within Part B – Taxes of this *90 Day Report*.

Industrial Hemp

The federal Farm Bill (Agricultural Act of 2014, Pub. L. No. 113-79) allows an institution of higher education or a state department of agriculture to grow or cultivate industrial hemp notwithstanding the federal Controlled Substances Act and other federal laws. However, the growing or cultivation of industrial hemp must be for purposes of research and may be conducted only if allowed under the laws of the applicable state.

House Bill 443 (Ch. 105) authorizes MDA or an institution of higher education to grow or cultivate industrial hemp for agricultural research or academic research purposes. A site used to grow or cultivate industrial hemp must be certified by and registered with MDA. "Industrial hemp" is defined as the plant *Cannabis sativa L.* and any part of such plant, whether growing or not, with a delta-9-tetrahydrocannabinol concentration that does not exceed 0.3% on a dry weight basis. "Industrial hemp" does not include any plant or part of a plant intended for a use that is regulated under the State's medical cannabis program. The Act terminates on the taking effect of Chapter 456 of 2015, which is contingent on specified federal law taking effect and authorizes a person to plant, grow, harvest, process, possess, sell, or buy industrial hemp, provided a person registers with MDA before planting or growing industrial hemp.

Animal Shelters

In an effort to promote a standard of care for dogs and cats placed in an animal shelter in the State, as well as transparency to the public regarding those standards and other aspects of animal shelter operations, ***House Bill 494 (passed)*** requires an animal shelter to establish, by January 1, 2017, (1) a written veterinary care protocol for dogs and cats that is consistent with specified guidelines; (2) a written protocol for reclaiming animals from the animal shelter; and (3) an annual summary of specified intake and disposition data. An animal shelter must make the required protocols and information publicly available. The bill also establishes a civil penalty of up to $500 for a violation of the requirements. "Animal shelter" is defined as (1) a county or municipal animal control facility; (2) an organization that contracts with a county or municipality for animal control; or (3) an organization that shelters animals and has received a grant from MDA's Spay/Neuter Fund during the previous year.

Practice of Veterinary Medicine

In Maryland, a licensed veterinarian may administer compounded products but is specifically prohibited from dispensing or reselling products compounded by a pharmacy. Among other things, ***Senate Bill 614/House Bill 1462 (both passed)*** establish an exception authorizing a licensed veterinarian to dispense compounded nonsterile or compounded sterile preparations if (1) the preparations are to be used for a nonfarm animal; (2) the nonfarm animal is a patient of the licensed veterinarian; (3) the quantity of the preparations dispensed does not exceed a seven-day supply; (4) the licensed veterinarian determines that timely access to a compounding pharmacy is not available or that the preparations are not otherwise commercially available; (5) the preparations are provided to the licensed veterinarian by a pharmacist in accordance with specified provisions; and (6) the preparations are dispensed in a container with a label clearly showing specified information. Under the bills, the State Board of Veterinary Medical Examiners will define the term “nonfarm animal” through regulations. For a further discussion of this issue, see the subpart “Health Occupations” within Part J – Health and Human Services of this *90 Day Report*.

Commercial Feed

Under the Maryland Commercial Feed Law, MDA’s State Chemist Section must sample, inspect, test, and make analyses of commercial feed distributed in the State. A distributor generally must register each brand name or product name of commercial feed before distributing it in the State, unless it has been registered by another person and the product label has not been altered or changed.

Alcohol producers located in the State have a tradition of donating their production by-products, including grains and fruits used in making beer, wine, and spirits, to neighboring farmers for use as livestock feed. These by-products are included in the definition of “commercial feed” under State law and therefore are regulated by the State. ***Senate Bill 526 (passed)*** alters the definition of “commercial feed” to exclude a material or combination of materials that is exempt from the definition of commercial feed in regulations adopted by the Secretary of Agriculture. Although the bill does not specifically exempt alcohol production by-products from the definition of “commercial feed,” the bill is intended to facilitate the exemption of such by-products if deemed appropriate by the Secretary.

Part L
Education

Primary and Secondary Education

State Education Aid

State Aid to Public Schools

State aid for primary and secondary education increases by $185.1 million in fiscal 2017 to more than $6.3 billion, 3.0 % more than fiscal 2016 aid. State aid provided directly to the local boards of education increases by $147.2 million, or 2.7%. Fiscal 2016 to 2017 changes in major State education aid programs are shown in **Exhibit L-1**.

The foundation program totals nearly $3.0 billion in fiscal 2017, an increase of $14.9 million over fiscal 2016, or 0.5%. This increase is attributable to enrollment growth of 0.43% (3,632 full-time equivalent students) and a 0.15% increase in the per pupil foundation amount due to inflation. The increase in the per pupil foundation amount brought it from $6,954 per pupil to $6,964 per pupil.

Aside from the foundation program, the largest increase is $68.8 million due to restoration of full funding for the Geographic Cost of Education Index, which was made mandatory by Chapter 477 of 2015. Of the at-risk formulas, Limited English Proficiency has the largest dollar increase of $10.0 million in fiscal 2017. A portion of the increase is due to projected enrollment growth in English language learners (2,700 students) while the rest of the increase is attributed to the increase in the per pupil foundation amount. Compensatory education increases by $4.0 million (0.3%), special education increases by $3.6 million (1.3%), and transportation funding increases by $4.6 million (1.7%). For more information on education aid by local school system, see subpart "Aid to Local Government" within Part A – Budget and State Aid of this *90 Day Report*.

Exhibit L-1
State Aid for Education
Fiscal 2016 and 2017
($ in Thousands)

Program	2016	2017	$ Change	% Change
Foundation Program	$2,947,083	$2,961,988	$14,906	0.5%
Net Taxable Income Grant	23,821	39,702	15,880	66.7%
Geographic Cost of Education Index	68,100	136,898	68,798	101.0%
Supplemental Grant	46,620	46,620	0	0.0%
Declining Enrollment Grant	86	19,430	19,344	22408.8%
Compensatory Education Program	1,305,133	1,309,111	3,978	0.3%
Special Education Program	275,997	279,608	3,610	1.3%
Limited English Proficiency	217,180	227,201	10,021	4.6%
Guaranteed Tax Base	53,762	54,511	749	1.4%
Student Transportation	266,247	270,858	4,611	1.7%
Bridge to Excellence Subtotal	**$5,204,030**	**$5,345,928**	**$141,897**	**2.7%**
Nonpublic Special Education	$130,514	$126,618	$3,896	3.0%
Prekindergarten Expansion	4,300	4,300	0	0.0%
Aging Schools[1,2]	6,109	6,109	0	0.0%
Teachers' Retirement Special Grant[2]	0	18,999	18,999	n/a
Other Programs[2]	76,155	66,310	-9,845	-12.9%
Direct Aid Subtotal	**$5,421,108**	**$5,568,263**	**$147,155**	**2.7%**
Teachers' Retirement	**$729,286**	**$767,255**	**$37,969**	**5.2%**
Grand Total	**$6,150,394**	**$6,335,518**	**$185,124**	**3.0%**

[1]The Aging Schools Program is funded with general obligation bonds in fiscal 2016 and pay-as-you-go funds in fiscal 2017.

[2]The General Assembly authorized the Governor to transfer funds from the State reserve fund for the Aging Schools program ($6.1 million) and the Teachers' Retirement Special Grant ($19.0 million). Additionally, the Governor is authorized to transfer funds from the Maryland Early Graduation Scholarship Program to support early college high schools ($300,000).

Note: Other programs includes general and special funds supporting the SEED school; formulas for specific populations; infants and toddlers; innovative programs (including the Pathways in Technology Early College High Schools Program and early college high schools); food service; science, technology, engineering, and mathematics (in fiscal 2016); teacher development; adult education; and other programs.

Source: Department of Legislative Services

The State's share of teachers' retirement costs, which is paid on behalf of the local school systems, increases from $729.3 million to $767.3 million, representing an increase of 5.2%. In addition, approximately $19 million in additional one-time funding is authorized for transfer from the State reserve fund. This is one-time funding for local education agencies to support a portion of their share of the actual normal cost of pensions in fiscal 2017, which was higher than the projections made during the 2012 session when the cost of pensions was first shared between the State and the local education agencies. The transfer of this funding from the State reserve fund is at the discretion of the Governor.

Declining Enrollment Grants

Local school systems that are experiencing declining enrollment are provided $19,429,858 in fiscal 2017. Unlike in prior years, when grants were only available to small school systems, the fiscal 2017 budget provides grants to school systems of any enrollment size. School systems receiving funding have had declining enrollment and a decrease in State education aid of more than 1% in recent years. The grants are allocated as follows: $12,674,305 to Baltimore City; $4,000,000 to Carroll County; $1,300,000 to Garrett County; $1,090,580 to Calvert County; and $364,973 to Kent County.

Net Taxable Income Adjustment Grants

Under Chapter 4 of 2013, State education aid formulas that include a local wealth component are to be calculated twice, once using a Net Taxable Income (NTI) amount for each county based on tax returns filed by September 1 and once using an NTI amount based on tax returns filed by November 1. Each local school system then receives the greater State aid amount that results from the two calculations. This is known as the NTI Adjustment Grant. However, under Chapter 4, jurisdictions that would otherwise be adversely impacted are held harmless. The NTI adjustment is phased in over six years. Local school boards that will receive an increase in State aid based on the November NTI realize 60% of the additional amount in fiscal 2017. Based on this, funding increases by $15.9 million.

State Aid to Nonpublic Schools

Nonpublic schools receive funding in the operating budget through the Nonpublic Schools Textbook Program and the Broadening Options and Opportunities for Students Today (BOOST) Program. All of these funds are special funds provided through the Cigarette Restitution Fund. The Nonpublic Textbook Program receives $6 million in fiscal 2017, matching the fiscal 2016 amount. New budget language alters its distribution so that schools with less than 20% free and reduced-price meal (FRPM) eligible students receive $65 per student, schools with FRPM eligibility between 20% and 40% of students receive $95 per student, and schools where more than 40% of students are FRPM eligible receive $155 per student. The budget language also includes nondiscrimination provisions similar to last year's language that schools must comply with in order to receive funding.

Over the past several legislative sessions, legislation has been introduced to establish an education tax credit in the State. ***House Bill 1213 (failed)*** would have established a program within the Department of Commerce to provide scholarships to eligible students who attend approved schools through the creation of a tax credit against the insurance premium tax or corporate income tax for companies that make designated contributions to the program. Similarly, ***Senate Bill 706*/*House Bill 1343 (both failed)*** and ***House Bill 453 (failed)*** would have created a State income tax credit for 60% of the contributions made by a business entity or nonprofit organization to an eligible nonprofit organization that provides financial assistance to students at public or eligible nonpublic K-12 schools as well as prekindergarten programs.

Instead of a program created through separate legislation, the BOOST Program is created in the fiscal 2017 budget with a $5 million appropriation, which is at the discretion of the Governor to fund. The BOOST Program provides scholarships for FRPM eligible students to attend nonpublic schools. To be eligible to participate in the program, a nonpublic school must also be a participant in the Nonpublic Textbook Program, provide more than only prekindergarten and kindergarten programs, administer assessments according to federal and State law, and comply with the same nondiscrimination requirements as those in the Nonpublic Textbook Program. The Maryland State Department of Education (MSDE) must administer the program and submit a list of student applicants ranked by family income to a BOOST Advisory Board. The BOOST Advisory Board reviews and certifies the submitted list of applicants and determines the scholarship amounts, which will then be awarded by MSDE. Up to $150,000 of the $5 million appropriation may be used to cover the administrative costs of the program. Finally, MSDE must report to the budget committees regarding the administration of the program by December 15, 2016.

Public and Nonpublic Aging Schools

As introduced, the fiscal 2017 capital budget included $6.1 million in General Obligation (GO) bond funding for the Aging Schools Program. This funding was deleted, and was instead included in the operating budget as pay-as-you-go (PAYGO) funding if the funds are transferred from the State reserve fund by the Governor. The Nonpublic Aging Schools Program, which was first established in the fiscal 2014 capital budget, provides $3.5 million in GO bond funding for school construction projects eligible under the Aging Schools Program, including school security improvements, to nonpublic schools that are also eligible for the Nonpublic Textbook Program. The fiscal 2017 eligibility requirements and distribution of grants are consistent with the fiscal 2016 capital budget.

Other Education Funding

Similar to the funding authorized for the normal pension cost previously discussed, the fiscal 2017 budget authorizes the Governor to provide $300,000 for the Maryland Business Roundtable for Education and $250,000 for the Maryland Center for Construction Education and Innovation from the State reserve fund. Additionally, the Governor is authorized to transfer funds from the Early Graduation Scholarship Program under the Maryland Higher Education Commission for the Maryland Science Center ($450,000), the College Bound Foundation ($10,000), and the Maryland Education Development Collaborative ($250,000), which is discussed later in this section. The Governor has discretion to transfer these funds. For more information on the transfer of State reserve funds for various purposes, see subpart "Operating Budget" within Part A – Budget and State Aid of this *90 Day Report*.

School Construction

Public School Construction Program

The Public School Facilities Act of 2004 (Chapter 306 and 307) established a State goal to provide $2.0 billion in State funding over eight years to address deficiencies, or $250 million per year through fiscal 2013. Although the $2.0 billion goal was met in fiscal 2012, one year early, the State has continued to provide at least $250 million for school construction annually. Between fiscal 2006 and 2016, the State invested $3.9 billion including contingency funds and PAYGO funds. The fiscal 2017 capital budget includes $280 million to support the traditional Public School Construction Program (PSCP), all of it provided as GO bond funding.

Exhibit L-2 shows the amount of school construction funding that has been recommended by the Interagency Committee on Public School Construction (IAC) for each local education agency. This includes the allocation of the first 75% of funds that was approved by the Board of Public Works (BPW) in January 2016. The IAC's recommendations for allocating 90% of the GO bonds included in the budget are also shown. The 90% allocation, plus the remaining 10% of school construction funds, will be approved by BPW after May 1, 2016.

Exhibit L-2
Fiscal 2017 Public School Construction Funding
($ in Thousands)

Local Education Agency	IAC/BPW Approved 75%	90% Additional IAC Recommendation	90% Total Recommendation
Allegany	$5,800	$1,618	$7,418
Anne Arundel	23,018	4,998	28,016
Baltimore City	24,572	5,414	29,986
Baltimore	24,675	5,685	30,360
Calvert	5,926	492	6,418
Caroline	36	0	36
Carroll	2,971	0	2,971
Cecil	1,911	950	2,861
Charles	2,217	0	2,217
Dorchester	3,760	749	4,509
Frederick	15,400	2,945	18,345
Garrett	3,320	653	3,973
Harford	7,472	738	8,210
Howard	20,000	4,000	24,000
Kent	0	0	0
Montgomery	25,700	5,700	31,400
Prince George’s	24,673	5,688	30,361
Queen Anne’s	683	0	683
St. Mary’s	1,037	142	1,179
Somerset	1,430	164	1,594
Talbot	0	0	0
Washington	3,958	564	4,522
Wicomico	7,227	0	7,227
Worcester	0	0	0
MD School for the Blind	4,214	1,500	5,714
Total	**$210,000**	**$42,000**	**$252,000**

Source: Public School Construction Program, Interagency Committee on School Construction

Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms

The fiscal 2017 capital budget as introduced included $20 million for the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms, in accordance with Chapter 355 of 2015. The General Assembly added $20 million to the program, bringing the total to $40 million in GO bond funding. ***Senate Bill 271*/*House**

Bill 722 (both passed) require $40 million to be provided annually. Counties with enrollment growth that exceeds 150% of the statewide five-year average growth or counties that have an average of more than 300 relocatable classrooms over five years are eligible for funding under the program. Eligible counties will receive a share of the grant in proportion to their enrollment and must match the grant by the same local share that is required for other school construction projects. In fiscal 2017, the school systems of Anne Arundel, Baltimore, Dorchester, Howard, Montgomery, and Prince George's counties are eligible to participate in the program based on either enrollment growth and/or use of relocatable classrooms.

School Construction Budget Language

Following proposed regulations from BPW that would allow the use of State funding for window air conditioning units, the General Assembly added budget language to the appropriation for the PSCP and Aging Schools program to require that all funds in the fiscal 2017 budget only be used on costs that were eligible at the beginning of calendar 2016. This disallows the use of State funding on such air conditioning units. The General Assembly also added language to the PSCP allocation to clarify that appeals by a local school system to the IAC regarding preliminary recommendations for fiscal 2018 funding are not subject to further appeal.

Qualified Zone Academy Bonds

From 2001 through 2015, the State has issued $96.9 million in Qualified Zone Academy Bonds (QZABs) allocated by the federal government. QZABs are an alternative bond program that the federal government authorizes with bond holders receiving federal tax credits in lieu of interest. ***Senate Bill 379 (passed)*** authorizes $4.7 million in QZABs to be issued by December 31, 2016. Consistent with language added in the fiscal 2017 capital budget, discussed above, the QZAB bill was amended to require the use of bond proceeds on project costs that were eligible prior to 2016.

Baltimore City Public Schools' 10-year Plan

House Bill 36 (passed) exempts the demolition or partial demolition of a school building under the Baltimore City Public Schools' 10-year Plan from any required notification of the Baltimore City Council or the President of the Baltimore City Council.

Mandated Funding

Preschool Development Grants: In 2014, Maryland was awarded a federal grant that provides $15 million annually through fiscal 2019 to continue the expansion of public prekindergarten. In its grant application, the State committed to matching funds of $3,672,000 in fiscal 2018 and $7,344,000 in fiscal 2019 to provide access to high-quality prekindergarten to families with incomes between 200% and 300% of federal poverty guidelines. The application indicated that the funds would serve approximately 500 four-year-olds in fiscal 2018 and approximately 1,000 four-year-olds in fiscal 2019. ***Senate Bill 584*/*House Bill 668 (both passed)*** require the Governor, in each fiscal year in which MSDE receives the federal grant, to include an appropriation of State funds equal to the amount that the State committed to fund in its application to the U.S. Department of Education. The appropriation is in addition to the amount required under current law for the State Prekindergarten Expansion Grant Program.

Maryland School for the Blind: The Maryland School for the Blind (MSB) is a nonprofit organization that provides educational programs to Maryland students from birth to age 21 who are blind, severely visually impaired, or visually impaired/multi-disabled. The MSB also provides equipment, Braille textbooks, and tutoring services to students with visual impairments who are attending schools across the State. MSB's Statewide Outreach Services offers expertise and specialized skills to Maryland students with visual impairment and additional disabilities, ages birth to 21, their families, and local school system staff through a variety of programs and services.

Senate Bill 422*/*House Bill 709 (both passed) increase annual State funding for MSB by including the number of children served annually by MSB's Outreach Program as a component of State formula funding. Also, the Governor is required to annually include at least $1 million in the State budget for the cost of residential services. Additionally, the bills require MSB teachers and other professionals to be paid salaries equal to salaries paid in Baltimore County Public Schools.

Tax Increment Financing Development District: ***House Bill 285 (passed)*** requires grants, for fiscal 2018 and 2019, to counties that establish a tax increment financing (TIF) development district after May 1, 2016, and that qualify for State disparity grant funding. Under the bill, State education aid must be calculated twice for eligible counties: once including the assessed value of property in a TIF district and once excluding the increase in the value of property in the TIF district. A county would receive a State grant to ensure it receives the higher amount of State aid for education between the two calculations. The bill also states that it is the intent of the General Assembly that the adequacy of education funding study, discussed below, consider the impact of economic development incentives in low-wealth counties on State education aid and make recommendations on specified topics. The bill applies to the calculation of State education aid payments beginning with fiscal 2018 and terminates June 30, 2019.

Commission on Innovation and Excellence in Education

The concept of "adequacy" is based on determining the level of resources that is necessary for all public school students to have the opportunity to achieve academic proficiency standards. The Bridge to Excellence in Public Schools Act of 2002, which established new primary and secondary State education aid formulas based on adequacy cost studies and other education finance analyses, required MSDE, in consultation with the Department of Budget and Management and the Department of Legislative Services (DLS), to contract with a consultant to conduct a follow-up study of the adequacy of education funding in the State approximately 10 years after its enactment. After legislation in 2011 and 2012 delayed the beginning of the study and required additional reports to be included in the study, work on the adequacy study began in June 2014. The final report must be submitted to the Governor and the General Assembly by December 1, 2016.

Senate Bill 905*/*House Bill 999 (both passed) establish the Commission on Innovation and Excellence in Education. The commission must review the findings of the study on adequacy of funding for education and related studies, and provide recommendations on preparing students in the State for postsecondary education, to meet the challenges of a changing global economy, and to meet the State's workforce needs. DLS, in consultation with MSDE, must provide staff for the commission. The members of the commission must be appointed within 60 days of the effective date of the bill, June 1, 2016. The commission must provide a preliminary report and a final report of its finding and recommendations to the Governor and specified committees by December 31, 2016, and December 31, 2017, respectively.

The bills also streamline the contents of the annual master plans that must be submitted by local school systems in 2016 and 2017 and require MSDE to convene a master plan stakeholder group and report to the commission, the State Board of Education, and the General Assembly by October 1, 2017.

Statewide Education Policy

Alternatives and Enhancements to the Traditional Public School Model

Maryland Education Development Collaborative: Senate Bill 910 (passed) establishes the Maryland Education Development Collaborative (EDCo) to act as a think tank to study, advise, promote, and support public schools in developing programs and designs that enhance twenty-first century learning and socioeconomic diversity among students. This will include collaboration, digital literacy, critical thinking, and problem-solving skills. EDCo is designed to disseminate information on best practices, programs, and resources; provide technical assistance and training to local school systems and public schools; and develop a database of programs and initiatives that encourage socioeconomic diversity and decrease the achievement gap, among other duties. EDCo must employ an executive director and may maintain offices in the State and enter into contracts with institutions of higher education to assist in research and development activities.

Community Schools: A community school is a public school that has an integrated focus on academics, health, and social services; youth and community development; and community engagement that is intended to improve student learning and create stronger families and communities. ***House Bill 1139 (passed)*** requires MSDE to notify each local school system and each community school in the State that federal Title I funds may be used for expenses associated with community school coordinators and for the coordination of school and community resources associated with the implementation of a community school strategy in a public school in the State. The bill also requires MSDE to encourage local school systems and community schools to apply for federal funding under Title IV of the Every Student Succeeds Act for expenses associated with after-school programming, community school coordinators, and the coordination of school and community resources associated with the implementation of a community school strategy.

Public School Opportunities Enhancement Program: In addition to developing skills during the school day, there is an increasing number of studies that suggest that maintaining the knowledge students learn in school during times when students are not in school through school-based enrichment is just as important to student learning. ***House Bill 1402 (Ch. 32)*** establishes the Public School Opportunities Enhancement Program and Grant. The Act requires

MSDE to develop and administer the grant program to assist local school systems, public community schools, and nonprofit organizations in the State in expanding or creating extended day and summer enhancement programs and to assist nonprofit organizations in the State and community schools in expanding or supporting existing educational programming during the school day. For fiscal 2018 through 2021, the Governor must include $7.5 million annually in the State budget for the program.

To qualify for a grant, a grantee must provide programs in a county in which at least 50% of public school students as a percentage of full-time equivalent students qualify for free lunch under the National School Lunch Program. Grants must be allocated to grantees based on the number of schools in each county for which at least 50% of their students qualify for a free lunch. At the time of enactment, eight counties, including Baltimore City, and Allegany, Caroline, Dorchester, Kent, Prince George's, Somerset, and Wicomico counties meet the qualifications.

Assessments and Testing

The State Board of Education, the State Superintendent of Schools, each county board of education, and each public school must implement a program of education accountability for the operation and management of the public schools. The State Board and the State Superintendent must implement specified assessment programs in reading, language, mathematics, science, and social studies that include written responses. Chapter 477 of 2012 required MSDE, by the 2016-2017 school year, to develop and implement middle and high school social studies assessments if the State Board of Education determined that the Partnership for the Assessment of Readiness for College and Career (PARCC) does not adequately measure skills and knowledge of the social studies curriculum.

Information on Mandated Assessments: Senate Bill 533/House Bill 412 (both passed) require a local board of education to provide specified information for each locally, State, or federally mandated assessment administered in a local school system that is intended to measure a student's academic readiness, learning progress, and skill acquisition. By October 15 of each year, this information must be updated, posted on the website of the local board, and included in the annual update of the local board's master plan.

Upon review of the 2014-2015 PARCC results, the State Board determined that the PARCC does not adequately measure a student's social studies skills and knowledge. However, due to the fact that the full PARCC results were not released until January 2016, MSDE requested more time to develop and implement an appropriate social studies assessment. Thus, ***Senate Bill 533/House Bill 412*** give MSDE an extension until the 2017-2018 school year to develop and implement appropriate social studies assessments that adequately measures the skills in the social studies curriculum.

Prekindergarten and Kindergarten Assessments: Following two administrations of the Kindergarten Readiness Assessment (KRA) and despite improvements following the initial administration, feedback to MSDE indicated that there were a number of concerns with the KRA, including the time taken away from instruction to administer the KRA, the overall value of the assessment, and the length of time required to administer the KRA. ***Senate Bill 794/House***

Bill 657 (both passed) require a statewide kindergarten assessment that is administered to measure school readiness to be limited to a random sample of kindergarten students from within each local school system as determined by MSDE. The bills also authorize a county board of education, or principal and teacher who mutually agree, to administer a statewide kindergarten assessment if it is completed by October 1 and the aggregate results are returned within 45 days. A school psychologist or other school-based professional may administer a statewide kindergarten assessment to a prekindergarten student if the results are intended to be used to identify a student's disability. Otherwise, the bills prohibit a statewide kindergarten assessment from being administered to a prekindergarten student.

Students with Disabilities

The Individuals with Disabilities Education Act requires that a student with a disability be provided a free appropriate public education in the least restrictive environment, in accordance with an Individualized Education Program (IEP) specific to the individual needs of the student. The parent of a child with a disability is a member of the IEP team that is responsible for developing and reviewing a child's IEP and for making revisions to the IEP.

Parental Notification of Support Services: House Bill 85 (passed) requires that, at the initial evaluation meeting, the parents of a child with a disability be provided with written information that parents may use to contact local school system staff members and a brief description of the services that the staff members provide. The parents may request this information at any subsequent meeting and this information must be prominently published on the special education services section of each local school system's website. If a parent's native language is not English, the information must be provided in a parent's native language. If a child with an IEP developed in one local school system moves into another local school system, the new local school system must provide the staff member contact and description of services information at the time of the first written communication with the parents regarding the child's IEP or special education services. Failure to provide the information required by the bill does not constitute grounds for a due process complaint.

IEP Translations into Native Language: MSDE provides a template in 17 languages for IEPs and individualized family service plans (IFSP) so that parents who read in these languages will understand the basis for the completed IEP or IFSP for their child. The completed IEP and IFSP are legal documents written in English. ***Senate Bill 421/House Bill 86 (both passed)*** authorizes the parents of a child with a completed IEP or IFSP to request that it be translated into the parents' native language, if that language is spoken by more than 1% of students in the local school system. School personnel must provide the parents with the translated document within 30 days after the date of the request. By December 1, 2016, MSDE is required to report whether there are economies of scale that can be utilized to lessen the financial impact of this translation requirement and how the needs of students whose parents speak a native language that is spoken by less than 1% of the student population in the local school system can be addressed. These bills also require each county board to report by August 1, 2018, regarding the number of translation requests received, the cost of implementing each request, whether it would be feasible if the number of requests increase and, if so, by how much.

IEP Mediation: House Bill 551 (passed) requires the IEP team to provide a parent who disagrees with a child's IEP or special education services with (1) an oral and written explanation of the parent's right to mediation; (2) contact information for receiving information on the mediation process; and (3) information regarding *pro bono* representation. This bill also includes the same provisions regarding translation into the native language of the parent in ***Senate Bill 421*/*House Bill 86***.

Hearing Aid Loan Bank Program: House Bill 596 (Ch. 40) increases the age of eligibility to participate in the Hearing Aid Loan Bank Program from under 3 years of age to 18 years of age to ensure that children will have maximum auditory input throughout childhood and adolescence.

Task Force to Study the Implementation of a Dyslexia Education Program: Senate Bill 823*/*House Bill 895 (both passed) alter the membership and duties of the Task Force to Study the Implementation of a Dyslexia Education Program established by Chapter 411 of 2015. The bills extend by one year, to December 30, 2016, the date by which the task force is required to submit a report on its findings and recommendations and extends by two years the termination date of the task force to June 30, 2017.

Early Childhood Education

Notice of Public Prekindergarten Eligibility: The Bridge to Excellence Act of 2002 required each local school system to make publically funded prekindergarten available to all economically disadvantaged or homeless four-year-old children in the State. To qualify as economically disadvantaged, a child must be from a family whose income is at or below 185% of the federal poverty guideline. ***Senate Bill 369 (Ch. 67)*** requires local departments of social services and local health departments to provide a parent or guardian who applies for economic services with an oral and written notice that their child may be eligible for publicly funded prekindergarten programs if the parent or guardian has a child who will be four years old on September 1 of the next academic year. The notice must include contact information for the enrollment office of the local school system and the Division of Early Childhood Development in MSDE.

Chapter 585 of 2005 required the State Superintendent of Schools to establish a Division of Early Childhood Development. It also transferred the licensing and credentialing unit of the former Child Care Administration from the Department of Human Resources to MSDE and reformed it as the Office of Child Care. ***Senate Bill 282 (passed)*** transfers numerous provisions of law relating to early childhood development from the Family Law Article to the Education Article to be in conformity with current practice. The majority of the provisions transferred within the bill include those relating to family child care homes and large family child care homes, child care centers, and the child care quality incentive grant program.

Curriculum

Agriculture Science Curriculum: Senate Bill 770 (passed) encourages each county board of education, beginning in the 2018-2019 school year, to implement an agriculture science curriculum in either one public high school in the county or in at least one career and technology education center in the county. The agriculture science curriculum may be selected from existing curricula developed by MSDE or developed by a county board and approved by MSDE.

Robotics Grant Program: ***Senate Bill 582*****/*****House Bill 115 (both passed)*** establish a Robotics Grant Program to provide grants to public schools and nonprofit robotics clubs associated with a public school in the State to support existing programs and increase the number of robotics programs in the State. The Governor is required to include at least $250,000 annually in the State budget for the program.

Maryland Seal of Biliteracy Program: According to the U.S. Census Bureau, as measured between 2009 and 2013, approximately 10.4% of Maryland residents over age five spoke a language other than English at home and also spoke English "very well." Beginning with the graduating class of 2017, ***Senate Bill 781 (passed)*** establishes a Maryland Seal of Biliteracy Program to recognize public high school graduates who have attained proficiency in speaking, reading, and writing one or more languages in addition to English.

Health and Safety

Sexual Assault Awareness: The prevalence of child sexual abuse is difficult to determine because it is underreported and not uniformly defined. ***House Bill 72 (passed)*** requires the State Board of Education and specified nonpublic schools in the State to develop and implement a program of age-appropriate education on the awareness and prevention of sexual abuse and assault. The program must be taught by teachers who are trained to provide instruction on the awareness and prevention of sexual abuse and assault and incorporated into the health curriculum of county boards of education and nonpublic schools.

Bullying, Harassment, and Intimidation Policies: The American Psychological Association defines bullying as "aggressive behavior in which someone intentionally and repeatedly causes another person injury or discomfort. Bullying can take the form of physical contact, words or more subtle actions." ***House Bill 365 (passed)*** requires the State Board of Education, after consultation with local school systems, to update its model bullying, harassment, or intimidation policy by September 1, 2016, and every five years thereafter. Each local board of education must then update its policy based on the State board's update of the model policy and submit it to the State Superintendent of Schools by January 1, 2017, and every five years thereafter. Additionally, the bill updates the definition of "electronic communication" in reference to the model bullying, harassment, or intimation policy to specifically include a social media communication.

Behavioral Health Services: A "community-partnered school behavioral health services program" is defined as a program that provides behavioral health services to students by community behavioral health providers in partnership with public schools and families that augment the behavioral health services and supports provided by public schools. ***Senate Bill 494*****/*****House Bill 713 (both passed)*** require MSDE, in consultation with the Department of Health and Mental Hygiene (DHMH), local boards of education, and other stakeholders to develop and implement a standardized reporting system to determine the effectiveness of community-partnered school behavioral health service programs. The standardized reporting system must use measures that collect data on the outcomes of students who receive behavioral health services, including a student's academic, behavioral, social, and emotional functioning and progress.

Students with Diabetes: According to the Centers for Disease Control and Prevention, as of 2012, approximately 208,000 individuals under 20 years of age, or 0.25% of the U.S. population in the age group, had diagnosed type 1 or type 2 diabetes. ***House Bill 771 (passed)*** requires MSDE and DHMH to establish guidelines for public schools regarding the administration of heath care services to students with diabetes and provide specified technical assistance to schools to implement the guidelines. MSDE and DHMH, in consultation with the other stakeholders, must establish a plan for all public school health services programs in the State to provide diabetes care services so that students with diabetes can (1) remain safe in school; (2) be supported for optimal academic achievement; and (3) fully participate in all aspects of school programing, including after school activities and other school sponsored events. By December 1, 2016, MSDE and DHMH must report to specified committees on the implementation of the plan.

Truant Students: A truant student is a student who is unlawfully absent from school for more than 8 days in any quarter, 15 days in any semester, or 20 days in a school year. According to MSDE, in the 2014-2015 school year, the average percentage of habitually truant students in the State was 1.96%. ***House Bill 429 (passed)*** establishes the Task Force to Combat Habitual Student Truancy. The task force member representing Morgan State University must chair the task force, which is to be staffed by Morgan State University.

School Start Times: In a December 2014 report, pursuant to Chapter 620 of 2014, DHMH indicated that multiple studies have found that sufficient sleep duration and quality are associated with higher grades and achievement scores. ***House Bill 39 (passed)*** establishes an Orange Ribbon for Healthy School Hours certification in MSDE beginning in the 2017-2018 school year. Orange Ribbon certification is intended to recognize a local school system that creates, implements, and enforces school start times that are consistent with those recommended by MSDE, DHMH, and the American Academy of Pediatrics. To receive Orange Ribbon certification, a local school system may not have (1) an elementary school requiring a student to be in class before 8:00 a.m. and board a school bus before 7:00 a.m. and (2) a middle or high school requiring a student to be in class before 8:30 a.m. and board a school bus before 7:30 a.m. Other certification criteria are specified. The bill also establishes criteria for limited ("honorable mention" and "commended") certification, which MSDE may grant.

Primary, Secondary, and Higher Education into the Workforce (P-20)

Pathways in Technology Early College High (P-TECH) Schools

Pathways in Technology Early College High (P-TECH) schools are public schools that offer grades 9 through 14 and that integrate high school, college courses, and the workplace. The result is a seamless pathway that enables students to graduate with a high school diploma, an associate's degree or certificate, and relevant professional experience. One of the goals of P-TECH schools, which distinguishes them from other early college programs, is for students to earn a credential and workplace skills that are aligned with industry needs and expectations.

Senate Bill 376 (passed) establishes P-TECH Schools in Maryland. A fiscal 2016 deficiency appropriation of $600,000 is allocated to provide funds for planning grants to establish six P-TECH schools in the State: two in Baltimore City, one to be located at Paul Laurence Dunbar High School and one at Carver Vocational-Technical High School; two in Prince George's County; one on the Eastern Shore; and one in Western Maryland. The fiscal 2017 budget includes $104,000 in operating funds for P-TECH schools that submitted a memorandum of understanding (MOU) to the Maryland State Department of Education (MSDE) by March 15, 2016, and execute a MOU that meets specified conditions by July 1, 2016, *i.e.*, the two Baltimore City schools that will open in the 2016-2017 school year. For these schools, in addition to the Bridge to Excellence funding provided for all students under existing law, the State must also provide 50% of the $520 cost per P-TECH student as grants to local boards of education. Additional legislation will be needed in the 2017 session to expand State-supported P-TECH schools in accordance with the planning grants.

Under the bill, MSDE, in collaboration with specified stakeholders, including the Maryland Higher Education Commission (MHEC), the Maryland Association of Community Colleges private-sector representatives with experience in the P-TECH model, and representatives of proposed P-TECH schools, must determine the optimal structure and funding strategy for P-TECH schools in Maryland. By December 1, 2016, MSDE and MHEC must jointly report regarding (1) the status of the planning grants; (2) the number of credits a P-TECH student is expected to take from both the P-TECH school and the institution of higher education in each year of the program; (3) the number of students expected to graduate and with which degrees or certificates in each cohort; (4) whether P-TECH students should be included in the Bridge to Excellence funding in years five and six of the program or in any semester in which the majority of credits are being taken from the institution of higher education; (5) a framework for funding the dual enrollment costs of P-TECH students; (6) an examination of P-TECH in other states; and (7) recommendations for legislation to be introduced during the 2017 legislative session.

Next Generation Scholars of Maryland

Research suggests that low-income high school students may opt out of preparing for college because they believe a postsecondary education is more than they or their parents can afford. Early commitment financial aid programs provide the promise of financial aid to students from low-income families, who are less likely to pursue higher education and complete a degree program, combined with counseling and support services to assist these students in graduating from high school prepared for college, and matriculating in and graduating from college. Three states currently have early commitment programs: Indiana, Oklahoma, and Washington. Chapters 315 and 429 of 2002 established the College Readiness Outreach Program in Maryland, but it has not been implemented due to a lack of funding. Students participating in early commitment programs typically have higher high school graduation rates and higher college matriculation rates than low-income students who do not participate in the programs.

House Bill 1403 (Ch. 33) rebrands the College Readiness Outreach Program as the Next Generation Scholars of Maryland Program to allow eligible students in grades 7 and 8 to prequalify for a Guaranteed Access Grant, which is a need-based scholarship intended to meet 100% of financial need for full-time undergraduates from low-income households. During the 2017-2018 and 2018-2019 school years, students in grade 9 are also eligible if they meet the other requirements of the program. Students must agree in writing to meet specified qualifications, including maintaining a 2.5 GPA, and must be provided a high school graduation plan, summer work or internship opportunities, financial and literacy assistance, career interest assessments, college and workplace visits, mentorship and one-on-one counseling, an academic summer bridge program, and a plan to matriculate and graduate from an institution of higher education.

In fiscal 2018 through 2023, the Governor must include annually $5.0 million in general funds for nonprofit organizations to administer the program in local school systems in which at least 50% of the students are eligible to receive a free lunch under the National School Lunch Program during the 2015-2016 school year. This includes students in Baltimore City and Allegany, Caroline, Dorchester, Kent, Prince George's, Somerset, and Wicomico counties. The Governor may appropriate more money in any year in order to expand the program to other counties or to more eligible students in the eight counties.

Student Activities

Senate Bill 764 (passed) allows a student journalist in a public elementary or secondary school or a public institution of higher education to exercise freedom of speech and freedom of the press in school-sponsored media, and to determine the content of the speech/press, provided that it is not libelous, slanderous, an unwarranted invasion of privacy, a violation of State or federal law, or something that would incite students to create a clear and present danger. Each county board of education and public institution of higher education must develop a written policy regarding these freedoms and protections, which may include limitations on language that has the intent to harass, threaten, or intimidate.

Senate Bill 909/House Bill 1488 (both passed) establish the Maryland Corps Program to provide at least 100 young people with service opportunities. Participants must serve for at least nine months with a nonprofit organization or government agency that has a focus on community or other service, civic engagement, volunteerism, or other activities or experiences with a similar mission and are eligible for a monetary stipend of up to $15,000. Following completion of the program, participants become eligible to receive a one-time scholarship of up to $6,000 to pursue a vocational certificate, associate's degree, or bachelor's degree at a public or private nonprofit institution of higher education located in the State. Funds for the program shall be as provided in the State budget. The fiscal 2017 budget authorizes the Governor to transfer $150,000 from the MHEC budget to provide funding for this program.

Senate Bill 595 (passed) requires a county board of education to award high school or higher education credit to a middle school student for any course for which a high school student would be awarded credit, if the middle school student meets the same requirements as the high school student.

Teacher Induction, Retention, and Advancement

Continuing the path of a workgroup of the Governor's P-20 Leadership Council in 2014 that was tasked with studying pre-tenure teacher induction, professional development, and other improvement of teaching skills, ***Senate Bill 493 (passed)*** establishes the Teacher Induction, Retention, and Advancement Pilot Program for first-year teachers. A county board may choose to participate in the program. If a county chooses to participate, the county board is encouraged to choose teachers who teach in a cluster of schools in which the majority of elementary and middle schools that feed into one high school are Title I schools. A teacher who is selected to participate in the program must be afforded at least 20% more time than other teachers to be spent on mentoring, peer observation, assistance with planning, or other preparation activities. Any costs incurred under the program must be borne 80% by the State and 20% by the county board. The bill requires the Governor to appropriate $5.0 million annually in the State budget for the program until June 30, 2022, when the program will expire.

The bill also creates a three-year State matching stipend of up to $1,500 for teachers in Anne Arundel County who teach in a public middle or high school in which at least 30% of the students qualify for free and reduced-price meals, subject to a local match of the grant. The bill requires the Governor to appropriate money in the State budget to fund the stipends. In addition, the bill increases the existing maximum State matching stipend for teachers who hold National Board Certification and teach in a comprehensive needs school from $2,000 to $4,000, subject to a local match.

Several studies and reports are also required by the bill.

Higher Education

Funding

State support for higher education in the fiscal 2017 budget totals $2.0 billion, an increase of $108.7 million, or 5.8%, over fiscal 2016, as shown in **Exhibit L-3**. Public four-year institutions receive about 75% of the new State funds, totaling $81.6 million, which includes new general funds and Higher Education Investment Funds.

Exhibit L-3
State Support for Higher Education
Fiscal 2016 and 2017

	FY 2016[1]	FY 2017[2]	$ Change FY 16-17	% Change FY 16-17
University System of Maryland	$1,260,523,499	$1,335,641,851	$75,118,352	6.0%
Morgan State University	86,134,601	92,551,602	6,417,001	7.4%
St. Mary's College of Maryland	25,107,174	25,159,549	52,375	0.2%
MHEC Special Grants[3]	8,510,250	9,004,012	493,762	5.8%
Community Colleges[4]	297,469,133	314,335,016	16,865,883	5.7%
Baltimore City Community College	40,775,643	40,814,442	38,799	0.1%
Independent Institutions	42,822,240	50,812,427	7,990,187	18.7%
MHEC Administration	7,050,418	6,703,749	-346,669	-4.9%
MHEC Student Financial Aid	104,373,610	106,398,282	2,024,672	1.9%
Total	**$1,872,766,568**	**$1,981,420,930**	**$108,654,362**	**5.8%**

MHEC: Maryland Higher Education Commission

[1]Fiscal 2016 general funds are adjusted to reflect deficiencies.

[2]Fiscal 2017 general funds are adjusted to reflect across-the-board reduction and salary increments.

[3]Special grants funded with State general and special funds are included, which primarily pass through to higher education institutions. This excludes programs funded only with special funds, *i.e.*, Nurse Support Program II and Health Personnel Shortage Incentive Grants.

[4]Community College funds include the Senator John A. Cade formula, other programs, and fringe benefits.

Source: Maryland State Budget Books; Department of Legislative Services

University System of Maryland and Morgan State University

The University System of Maryland (USM) receives an increase of $75.1 million, or 6.0%, over fiscal 2016. This includes $6.8 million to support student completion initiatives, which include targeting transfer students; science, technology, engineering, and math; health care workforce development; veteran students; and data analytics. The Universities of Shady Grove and the University of Maryland at Hagerstown receive $2.0 million to expand and offer new programs including education, information science, construction management, and hospitality/tourism management programs. Morgan State University (MSU) receives an increase of $6.4 million, or 7.4%, over fiscal 2016, which includes $1.4 million to increase institutional need-based financial aid.

The budget provides $5.3 million and $0.2 million for USM and MSU, respectively, to replace revenues equivalent to a 1% increase in undergraduate tuition and assumes a resident undergraduate tuition increase of 2%. However, tuition increases are contingent on the approval of the USM and MSU Boards of Regents.

St. Mary's College of Maryland

St. Mary's College of Maryland (SMCM) receives an increase of about $52,000, or 0.2%, in State support. This growth includes fiscal 2016 deficiency funding for information technology (IT) projects totaling $1.6 million and additional one-time IT funding in fiscal 2017 of $1.1 million. Excluding the two IT grants, State support for SMCM grew $0.5 million, or 2.2%, in fiscal 2017.

Community Colleges

Overall, State funding for local community colleges increases $16.9 million, or 5.7%, over fiscal 2016. This figure includes the Senator John A. Cade Funding Formula, which consists of direct grants, funds for English for speakers of other languages (ESOL), and two State-paid retirement programs, one of which received deficiency funding of $1.3 million in fiscal 2016. In fiscal 2017, all of these programs together total $314.3 million. This State funding provides a hold harmless grant to one two-year institution, Chesapeake College, totaling $168,000. With community college enrollment projected to continue declining in the near future, some colleges are expected to qualify for further hold harmless grants in the next few years. Because the State has not decreased funding to any institution, local jurisdictions' support for community colleges must continue to be at least level in order to meet maintenance of effort requirements. Unlike recent fiscal years, no reduction was made to the Cade formula in fiscal 2017, and the formula was not modified for future years.

Baltimore City Community College (BCCC), Maryland's only State-operated community college, has a separate statutory funding formula. In fiscal 2017, due to an ongoing decline in student enrollment, BCCC's hold harmless clause in current law maintains direct State support at the fiscal 2016 level of $39.8 million. When including ESOL funding of $1.0 million, total State support for BCCC amounts to $40.8 million in fiscal 2017, a 0.1% increase over fiscal 2016.

Independent Institutions

Independent institutions receive $50.8 million through the Joseph A. Sellinger formula in fiscal 2017, an increase of $8.0 million, or 18.7%, from fiscal 2016. This large growth is due to reductions made to the fiscal 2016 formula amount during the 2015 legislative session, which caused Sellinger formula funding to increase significantly in order to reach its mandated formula funding level in fiscal 2017. As with the Cade formula, no adjustments were made to the Sellinger formula for future years.

Financial Aid

Student financial aid programs receive a total of $106.4 million in State support in the fiscal 2017 budget, a $2.0 million, or 1.9%, increase over fiscal 2016. A supplemental budget provided $3.0 million for a new Early High School Graduation Scholarship, which was created by executive order in January 2016. However, legislative action restricted the entirety of that funding to certain other education-related purposes, discussed throughout this Part L – Education, including $1.6 million in additional support for the State's largest need-based aid program, the Delegate Howard P. Rawlings Educational Excellence Awards (EEA) program. In fiscal 2017, the EEA program receives $80.0 million, growth of only about $22,000, or less than 0.1%, before adjusting for the $1.6 million that the Governor may transfer to EEA.

Over the past few years, MHEC worked to spend down the accumulated balance in the Need-Based Student Financial Assistance Fund, which includes canceled or unspent financial aid award funds that are carried forward from prior years. In fiscal 2016, $0.2 million was used to provide initial awards for the new 2+2 Transfer Scholarship Program. The fiscal 2017 budget continues to provide $0.2 million from this source for the program.

Capital Funding

Capital funding for public four-year institutions totals $350.9 million for fiscal 2017 including $24.5 million in academic revenue bonds authorized by ***Senate Bill 280 (Ch. 61)***. Community colleges receive $59.4 million for the Community College Facilities Grant Program, and independent institutions receive $9.6 million in capital funding for fiscal 2017. For more information on authorized capital projects, see the subpart "Capital Budget" within Part A – Budget and State Aid of this *90 Day Report*.

Strategic Partnership

Senate Bill 1052 (Ch. 25) establishes a strategic partnership between the University of Maryland, Baltimore Campus and the University of Maryland, College Park Campus to be collectively called the University of Maryland.

The University of Maryland strategic partnership is a formal alliance that leverages the resources of each campus within the University of Maryland to benefit the State and improve and enhance:

- academic programs and experiences for students;
- research, technology, technology transfer, and commercialization for economic development; and
- public service and the commitment to community development.

The Act also establishes two centers, one on each campus. The University of Maryland Center for Economic and Entrepreneurship Development, located on the University of Maryland, College Park Campus, will advance the education of students by developing degree and credential programs in virtual and augmented reality, neurosciences, biomedical devices, data analytics, and cybersecurity. The bill requires the Governor to include in the budget $2.0 million in fiscal 2018,

$4.0 million in fiscal 2019, and $6.0 million in fiscal 2020 and each year thereafter to fund the center.

The second center established is the Center for Maryland Advanced Ventures located on the University of Maryland, Baltimore Campus. The Center for Maryland Advanced Ventures will pursue grant funding for the University of Maryland, including interdisciplinary grant funding; develop and implement guidelines for the transfer of technology; and facilitate the transfer of technology from the University of Maryland to commercial industries. The Center for Maryland Advanced Ventures must receive $3.0 million annually starting in fiscal 2018 to fund the center and an additional $1.0 million each year to be used to encourage the development and location of University of Maryland-created or -sponsored technology companies in Baltimore City.

Senate Bill 1052 also addresses funding guideline attainment levels and mandates that the Governor include an additional $4 million in each of fiscal 2018 through 2021 to bring the two lowest primarily residential USM institutions closer to the next lowest USM institution, which in fiscal 2016 is at 64% estimated funding guideline attainment, compared to the USM average of 72%.

The bill also requires several reports from USM. The first is to develop a multi-year strategy to enhance funding guidelines for all institutions within USM. The second is on the costs and strategy of moving the corporate headquarters of USM to Baltimore, which must occur by July 2017. Finally, the bill requires recommendations on a mechanism for joint reporting for purposes of national university rankings.

Morgan State University

Senate Bill 1158 (passed) requires the Board of Regents of MSU to develop and implement a plan to enhance and increase the capacity of the Office of Technology Transfer at MSU. For fiscal 2018 through 2020, the Governor is required to include $1.0 million in the annual budget bill for this purpose. A report is required annually regarding implementation of this effort.

Senate Bill 218 (passed) prohibits the inclusion of MSU within USM.

College Affordability

Over the past 10 years, the legislature has limited tuition increases at Maryland's public four-year institutions to bring Maryland's undergraduate resident tuition from the seventh most expensive in the country to the twenty-fourth least expensive. College affordability continues to be a topic of interest and importance to the legislature, particularly with fewer students graduating "on time" (*i.e.*, in two or four years), which is contributing to the increasing amount of loan debt accumulated by students.

College Affordability Act of 2016

The College Affordability Act of 2016, ***Senate Bill 676/House Bill 1014 (both passed)***, address the issue of college affordability in Maryland in several ways: helping families save for college; assisting individuals with high student loan debt; making State financial aid programs more effective and accessible; and encouraging students to complete college on time. There are multiple effective dates in order to provide time to address any implementation concerns with the modifications made in the legislation. MHEC, in consultation with the Department of Legislative Services (DLS), is required to hire an outside consultant to study the operation of the Office of Student Financial Assistance with a report due October 1, 2017, and the fiscal 2017 budget authorizes the Governor to transfer $250,000 from another program budgeted in MHEC for this purpose.

College Savings Plans of Maryland State Contribution: Qualified tuition plans, also known as 529 plans, are state programs that allow an individual to either prepay or contribute to an account established for paying a student's qualified education expenses at an eligible educational institution. To make college savings more accessible for low- and middle-income families, the bill provides for a $250 State contribution to a college investment account in lieu of an income tax deduction. Under the bills, individuals who establish investment accounts after December 31, 2016, have the option to continue to take the existing subtraction modification for contributions made to the account (up to $2,500) or receive a State contribution to the account. The State contribution is available if the account holder is a Maryland resident, submits an application to the College Savings Plans of Maryland Board between January 1 and June 1 of each year, and has Maryland taxable income no greater than $112,500 for an individual or $175,000 for a married couple filing a joint return in the previous taxable year. There is a sliding scale for how much an account holder must contribute (between $25 and $250) to receive the State contribution of $250.

Once the board has validated the account holder's application, then the contribution must be made between July 1 and November 1, and the State contribution will occur before the end of the same calendar year. The bills specify that the $250 State contribution will not count toward Maryland taxable income. The Governor must include $5.0 million for State contributions in the budget in fiscal 2018, $7.0 million in fiscal 2019, and $10.0 million in fiscal 2020 and every fiscal year thereafter. If funding is not sufficient to cover all applicants, contributions will be provided in the order in which applications are received, with priority given to applicants who did not receive a contribution in any prior year.

Additionally, the board is required to report on and implement marketing plans to increase participation in the College Savings Plans.

Undergraduate Student Loan Debt Tax Credit: Maryland students graduate with over $27,000 in debt, on average. The bills help students who fall into this category of high debt. A qualified taxpayer, an individual who has incurred at least $20,000 in undergraduate student loan debt and has at least $5,000 in outstanding undergraduate student loan debt when submitting an application, can apply for a credit against his or her State income tax. The credit is awarded through an application and prioritization process, and any credit claimed must be used for the repayment of the individual's undergraduate student loan debt as soon as practicable. The total amount of credits that may be approved in any taxable year may not exceed $5 million beginning in tax year 2017 (fiscal 2018). A credit for an individual may not exceed $5,000 and is refundable.

Student Accounts: The bills also address the issue of students who have small account delinquencies not being able to register for classes. If a student owes $250 or less on an account, public institutions of higher education must allow the student to still register for classes and give them to the end of the late registration period of the subsequent semester to settle the balance. If a student owes more than $250, the student must enter into a payment plan and make timely payments in accordance with the payment plan with the institution, and is given until the end of the late registration period of the subsequent semester to do so. Public institutions of higher education are prohibited from referring a delinquent student account to the Central Collection Unit unless a student fails to adhere to these requirements.

Student Completion: Students who do not graduate "on time," generally in two or four years depending on the program, will run out of State financial aid eligibility and likely take out additional student loans in order to finish their degree, or drop out. ***Senate Bill 676*** and ***House Bill 1014*** also require that Guaranteed Access and Educational Assistance Grants be prorated within EEA after the student's first two academic years of enrollment. Beginning in the third academic year, a student who has completed 30 credits in the prior academic year will receive the full amount; if a student successfully completed at least 24 but less than 30 credits in the prior academic year, the award amount will be prorated based on the amount of credits completed divided by 30. This provision applies beginning in the 2018-2019 academic year.

The bill also allows students to receive part-time grants for summer study. Pell grants are not allowed for summer use, so this change will provide more assistance for students to graduate on time. There was also a restriction that 10% of the part-time grant is reserved for students taking between three and six credits; that threshold has been removed.

Student Loans

The most recent Maryland data reported by the Project on Student Debt, covering 2014 graduates, reports that 58% of undergraduates at public and private nonprofit four-year institutions had student debt with an average debt (of those with loans) of $27,457. This is slightly below the national average of 61% of students with student debt and slightly above the national average of $27,022 for debt. Maryland ranks thirty-fourth in the country for the percent graduating with debt and twentieth for the per capita amount of debt.

As of March 2016, several states have student loan refinancing programs, including Connecticut, Rhode Island, and, most recently, Minnesota. ***House Bill 1015 (passed)*** requires MHEC and the Maryland Health and Higher Educational Facilities Authority (MHHEFA), in consultation with DLS and any other appropriate agencies, to study the expansion or creation of an appropriate bonding authority for the refinancing of student loans in Maryland. By September 30, 2017, MHEC and MHHEFA must report their findings and recommendations to the Governor and the General Assembly.

Senate Bill 381/House Bill 460 (both passed) authorize the Community Development Administration within the Department of Housing and Community Development to provide financial assistance to homeowners for purchasing a primary residence and making payments on the homeowner's student loan debt. The bills are intended to help student loan borrowers overcome barriers to homeownership, which primarily include student loan payment obligations that decrease the ability of otherwise creditworthy homebuyers to qualify for a mortgage. For more information on this program, see the subpart "Housing and Community Development" within Part H – Business and Economic Issues of this *90 Day Report*.

In addition, ***House Bill 1079 (passed)*** authorizes Montgomery County to create the Montgomery County Student Loan Refinancing Authority. Before Montgomery County may establish the authority, it must study aspects of implementing the authority in accordance with State and county law including (1) a feasibility and demand study; (2) an assessment of the potential benefit to recruitment and retention of county and school system employees; and (3) an examination of the operation of similar programs.

Qualified Tuition Plans – 529 Plans

The College Savings Plans of Maryland Board currently operates two qualified tuition or 529 plans: the Maryland Prepaid College Trust and the Maryland College Investment Plan. The maximum value of the subtraction modification is limited to $2,500 for each prepaid contract. Any unused amount of the subtraction modification can be carried forward to future tax years until the full amount of the excess is used. An account holder can also claim a subtraction modification for the amount contributed to a Maryland College Investment Plan. For each account holder for all investment accounts maintained in the plan for a qualified beneficiary, the subtraction modification may not exceed $2,500 per qualified beneficiary. This limitation is increased to $5,000 for married individuals who file jointly. Any unused amount of the subtraction modification may be carried forward for up to 10 tax years.

Senate Bill 374/House Bill 335 (both passed) expand eligibility of the College Savings Plan income tax subtraction modification by allowing each person who contributes funds to a qualified plan to claim the subtraction modification rather than only the account holder.

Access to Higher Education and Financial Assistance

Student Veterans Commission

Senate Bill 606/House Bill 1458 (both passed) establish the Maryland College Collaboration for Student Veterans Commission in the Maryland Department of Veterans Affairs. The commission, composed of a designee of the Department of Veterans Affairs along with representatives from USM, private nonprofit institutions of higher education, community colleges, and any specific institution that volunteers, must promote awareness of veteran reintegration challenges, communication and coordination of available veteran services, financial aid and GI bill support services, and other key aspects of educational success for student veterans. An annual report by the commission must be submitted to the Governor and the General Assembly.

Scholarships

Senatorial Scholarships: Each senator may award $138,000 in scholarship funds each year. To qualify for an award, an individual must be a resident of Maryland and demonstrate a definite financial need. Each award may be for four years of full-time study or eight years of part-time study. ***Senate Bill 120 (passed)*** authorizes a recipient of a senatorial scholarship to request, and a senator to award, a scholarship for a fifth undergraduate academic year or for a semester subsequent to the end of a fourth undergraduate academic year if the recipient meets specified conditions.

Public Service Scholarships: To allow a lower stipend to be offered during the fall and spring semesters when students attend classes and work at the internship for fewer hours than in the summer, ***House Bill 107 (passed)*** establishes that a scholarship award under the Walter Sondheim Jr. Public Service Internship Scholarship Program must be at least $2,000 and no more than $3,000, subject to the availability of funds.

Individuals with Disabilities

Senate Bill 272 (passed) allows an applicant who is deaf or hearing impaired to use an EEA at a degree-granting institution of higher education outside the State if the student is attending an institution of higher education that makes special provision for deaf and hearing-impaired students and comparable special provisions are not available to the student at an institution of higher education in Maryland.

Orphans and Foster Care Recipients

House Bill 360 (passed) establishes a Maryland Loan Assistance Repayment Program for Orphans and Foster Care Recipients. The Office of Student Financial Assistance within MHEC must assist in the repayment of higher education loans owed by an orphan or a foster care recipient who (1) is employed for a minimum of 20 hours per week by the State or a county or municipality of the State and (2) received an undergraduate or graduate degree from an institution of higher education in the State. The Governor must appropriate $100,000 annually in the State budget for MHEC to disburse the lesser of $5,000 or 10% of an eligible individual's total loan debt under the program.

House Bill 400 (passed) expands eligibility for the tuition waiver and mandatory fee exemption to attend a public institution of higher education in the State under current law to include individuals who were in foster care out-of-state and who meet the same qualifications as eligible individuals who were in foster care in the State. ***House Bill 1288 (passed)*** allows noncredit courses taken to earn a vocational certificate to qualify for the tuition waiver for foster care and unaccompanied homeless youth. The bill also expands eligibility for the foster care recipient tuition waiver to an individual who resided in an out-of-care placement in the State for at least one year on or after the individual's thirteenth birthday and returned to live with the individual's parents after the out-of-home placement ended.

In addition, both ***House Bill 400*** and ***House Bill 1288*** alter eligibility for the tuition waiver for foster care recipients, so that an individual is eligible if he or she resided in an out-of-home placement (including out-of-state) on the individual's eighteenth birthday, rather than at the time the individual graduated from high school or successfully completed a general equivalency development examination (better known as the GED). The bills also repeal the requirement that federal and State financial aid applications be submitted by March 1 in order to receive a tuition waiver.

Promise Scholarship Studies

In 2014, the Tennessee General Assembly passed legislation establishing a program offering two years of tuition-free education at the state's community colleges and technical schools. The program, known as Tennessee Promise, is a last-dollar scholarship, meaning it covers costs of tuition and mandatory fees not met by other State and federal financial assistance, including Pell grants. ***House Bill 1087 (passed)*** establishes the Task Force to Study a Promise Scholarship Program in Prince George's County, to be chaired by the President of Prince George's Community College. By January 1, 2017, the task force must report its finding and recommendations to the Prince George's County Executive and the General Assembly. ***Senate Bill 639 (referred to Interim Study)*** would have established a task force to examine this issue statewide.

Maryland Higher Education Commission

Consumer Protection Provisions

Due to a report highlighting the marketing practices by private career schools and for-profit institutions of higher education, there has recently been increased scrutiny of the consumer practices of these schools in Maryland. ***Senate Bill 427*/*House Bill 741 (both passed)*** prohibit a private career school or for-profit institution of higher education from enrolling a student in a program that is intended to lead to employment in a field that requires licensure or certification in the State under specified circumstances. A violation is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions. The bills require MHEC to create and provide for two separate guaranty funds (one each for private career school and for-profit institutions of higher education), which is optional under current law and makes changes to the process and amount that students can claim against the funds. Institutions of postsecondary education that are required to make a net price calculator publicly available on their website under federal law must ensure that it is posted in a conspicuous location. Finally, the bills expand to all institutions of postsecondary education that operate in the State the requirement to provide all first-time full-time undergraduate students with the information contained on the Financial Aid Shopping Sheet.

Religious Educational Institutions

In order to operate without a certificate of approval from MHEC or without registering with MHEC (for a fully online distance education program), a religious educational institution must meet a number of conditions. Each year, on average, two or three applications from institutions seeking to operate without a certificate of approval or registering must be denied by MHEC because their curriculum includes some general education courses. ***Senate Bill 128*/*House Bill 878 (both passed)*** repeal the condition that a religious educational institution must not "offer instruction in nonsectarian or general education" to operate without a certificate of approval from MHEC or registering with MHEC.

Local Education Policy

New School Initiatives

In Frederick County, with the goal of providing individualized, self-directed learning opportunities that allow students to participate in project-based learning experiences at the high school and college levels and work, internship, or apprenticeship experiences focused on college and career readiness competencies, ***Senate Bill 1126 (passed)*** establishes a Linking Youth to New Experiences (LYNX) High School within an existing high school. By September 30, 2016, the county superintendent is required to develop and submit to the Frederick County Board of Education for approval a plan that describes the program, proposed curriculum, evaluation procedures, and performance and graduation standards for students to be enrolled in the LYNX High School. By December 1, 2016, the Frederick County Board of Education is required to approve the plan and submit it to the State Board of Education (State Board) for review. Within 45 days of receipt of the plan, in accordance with its authority to grant waivers, the State Board is required to grant the LYNX High School a waiver from any regulation inconsistent with the plan; however, a waiver may not be granted from requirements relating to teacher certification, school days and hours, or assessments.

The Structure of Local Boards of Education

Anne Arundel County Board of Education

House Bill 172 (Ch. 35) alters the membership of the School Board Nominating Commission of Anne Arundel County. The Act requires the commission to consist of (1) three members appointed by the county executive from the county at large, one of whom is required to be a parent of a child enrolled in the Anne Arundel County Public School System, and no more than one of whom may be a current employee of the county; (2) one member appointed by the Teachers Association of Anne Arundel County; (3) one member appointed by the Annapolis and Anne Arundel County Chamber of Commerce; (4) one member appointed by the Anne Arundel County Community College Board of Trustees; (5) one member appointed by the Association of Educational Leaders; (6) two members appointed by the Anne Arundel County Council of Parent Teacher Associations who may not be affiliated with a teachers' union or association or be a current employee of Anne Arundel County; (7) one member appointed by the Anne Arundel County Branch of the National Association for the Advancement of Colored People; (8) one member appointed by CASA de Maryland; (9) one member appointed by the Anne Arundel Special Education Citizens' Advisory Committee who is a parent of a child with special needs in the Anne Arundel County Public School System; and (10) beginning June 1, 2016, and every two years thereafter, one member appointed by a specified chamber of commerce based in Anne Arundel County on a rotating basis. The terms of the members of the commission who were appointed by the Governor and are in office on June 1, 2016, are terminated on June 1, 2016. In addition, if the voters of Anne Arundel County reject the retention of a board of education member, or the vote is tied, the Act requires the member to resign effective 10 days after certification of the election returns, and the member may not continue to serve on the board.

Baltimore City Board of School Commissioners

The Baltimore City Board of School Commissioners consists of nine members jointly appointed by the Governor and the mayor, and one student member. ***House Bill 558 (passed)*** restructures the board to be a hybrid board with two members elected from the city at large, nine members jointly appointed by the Governor and the mayor, and one student member. The two elected board members will be elected at the general election in November 2022 and every four years thereafter. The bill also requires the board to send, within 30 days after the effective date of the Act, a written notice of the changes to the composition and terms of the members of the board to specified parties of the City-State Partnership Agreement of 1996.

In addition, the bill requires that a selection committee be established, or a decision process undertaken, by the board to select the next Chief Executive Officer of the Baltimore City Public School System. The committee must include (1) one member of the Senate of Maryland who is a member of the Baltimore City Senate Delegation, appointed by the President of the Senate, and (2) one member of the House of Delegates, who is a member of the Baltimore City House Delegation, appointed by the Speaker of the House. These legislative members will be nonvoting advisory members and are required to be included in all meetings and conversations of the board relating to the selection of the chief executive officer.

Carroll County Board of Education

Subject to a referendum of the qualified voters of Carroll County at the November 2016 general election, ***House Bill 1147 (passed)*** limits voting members of the Carroll County Board of Education to two consecutive terms.

Montgomery County

House Bill 87 (passed) repeals voting rights exceptions for the student member of the Montgomery County Board of Education so that the student member is required to vote on matters relating to the capital and operating budget, school closings, reopenings, boundaries, and collective bargaining. The bill authorizes the student member to attend executive sessions that relate to collective bargaining.

Talbot County

Senate Bill 16*/*House Bill 226 (both passed) increase from one to two, the number of nonvoting student members on the Talbot County Board of Education. The two student members are required to be eleventh or twelfth grade public school students and are appointed to one-year terms according to procedures adopted by the county board. One student member is required to be appointed from St. Michaels High School and the other from Easton High School.

Wicomico County Board of Education

Senate Bill 145*/*House Bill 1352 (both passed) require the structure of the Wicomico County Board of Education to be subject to a referendum of the qualified voters of the county at the November 2016 general election. The voters will choose to (1) retain the current system of a Wicomico County Board of Education with 7 members appointed by the Governor; (2) restructure the board to a 7-member hybrid board consisting of 5 nonpartisan elected members (1 elected from each of the five councilmanic districts on a nonpartisan basis) and 2 members appointed by the Wicomico County Council from the county at large from a list of nominees submitted by the Wicomico School Board Nominating Commission; or (3) restructure the board to a 7-member nonpartisan elected board consisting of 1 member from each of the five councilmanic districts in the county elected by the voters of each councilmanic district and 2 members elected at large. In addition, if the referendum results in a restructure of the board, the bills establish a Wicomico School Board Nominating Commission, consisting of 14 members appointed by the county executive, with the advice and consent of the county council, from a list of names submitted by specified entities. The purpose of the commission is to select nominees to recommend to the county council as qualified candidates for appointment to fill a vacancy on the board of education.

Comprehensive Plans and Audits

At least once every six years, the Office of Legislative Audits is required to conduct an audit of each local school system to evaluate the effectiveness and efficiency of the financial management practices of the local school system. ***House Bill 352 (passed)*** establishes a potential exemption to the requirement for an audit every six years. Beginning in fiscal 2017, a local system is exempt from the audit requirement if the county governing body, the county board of education, and the county delegation to the General Assembly each submit a letter to the Joint Audit Committee requesting an exemption on or before November 1 of fiscal 2017, or on or before November 1 of the last year of a six-year audit cycle, as determined by the Office of Legislative Audits. A local school system may not be exempt for two consecutive six-year audit cycles. In addition, the Joint Audit Committee may direct the Office of Legislative Audits to conduct an audit of a local school system at any time.

Baltimore City

Senate Bill 129*/*House Bill 163 (both passed) repeal an obsolete and duplicative requirement that the Baltimore City Public School System submit annual updates of a five-year comprehensive plan to the State Board and the State Superintendent of Schools.

Miscellaneous

Open Meetings Act Compliance in Howard County

House Bill 1105 (Ch. 132) requires the Public Access Ombudsman within the Office of the Attorney General to investigate, evaluate, and issue a report by January 1, 2017, on the Howard County Public School System, for the period beginning July 1, 2012, through December 31, 2015, regarding (1) the integrity and propriety of any refusal by the custodian of a public record to disclose a public record; (2) the validity of any declaration by the custodian that the public record requested by an applicant does not exist and cannot be produced; and (3) the reasonableness of any complaint as to any delay in furnishing a public record. For a more detailed discussion of this issue, see the subpart "State Agencies, Offices, and Officials" within Part C – State Government of this *90 Day Report*.

The Sale of Coffee in Baltimore County Public High Schools

House Bill 349 (passed) prohibits the banning or regulation of the sale of coffee in conjunction with a career exploration and development activity in a public high school in Baltimore County. The bill terminates on June 30, 2019.

The Establishment of a "WhyTry" Program in Baltimore County

The goal of a "WhyTry" program is to assist a student with an unweighted grade point average below 2.0 and an attendance rate less than 94% to become a more effective student. ***House Bill 55 (passed)*** requires the Baltimore County Board of Education to develop and implement a two-year "WhyTry" pilot program in two middle schools in Baltimore County.

Libraries

The State provides funds to public libraries through a formula that provides a certain amount on a per capita basis of the geographic area served by the library. There is a separate per capita amount established, in law for county libraries, regional resource centers, and the State library resource center (SLRC) (Enoch Pratt). Additionally, the Maryland Library for the Blind and Physically Handicapped receives a minimum State funding amount equal to 25% of the general fund appropriation for SLRC beginning in fiscal 2016. During the recent economic downturn, the per capita funding was reduced and then set to phase up to the original amount over a period of several years. ***Senate Bill 337 (passed)*** accelerates scheduled increases to the per capita funding amounts that are required to be provided to SLRC, regional resource centers, and county public library systems participating in the State's library program beginning in fiscal 2018. The county libraries and regional resource centers per capita amount will be $16.70 and $8.75, respectively, by fiscal 2022, a three-year acceleration. The SLRC per capita amount will be $1.85 by fiscal 2021, a four-year acceleration.

To increase the operating hours of library branches that are located in poor and underserved communities in Baltimore City, ***Senate Bill 1171*/*House Bill 1401 (both passed)*** require a State grant to be made available to fund the increased operating expenses for the branches of the Enoch Pratt Free Library (EPFL) that increase their operating hours above the hours in effect as of January 1, 2016. For fiscal 2018 through 2022, the Governor is required to include in the State operating budget $3 million to support the additional operating expenses. To receive these State funds, Baltimore City is required to provide a 25% match for each dollar of State funds and may use public and private funds to satisfy the match requirement. The bills require the Maryland State Department of Education (MSDE) to establish a process to distribute the State grant to Baltimore City or EPFL.

Additionally, two reports are required. An annual report must be submitted through 2022 that includes a list of the branches that will be subject to increased operating hours and an explanation of the selection process for these branches. Second, MSDE is required to submit a report that evaluates the impact of the increased hours of operation, the appropriateness of continued State funding for increased hours of operation, and recommendations for the future of continued increased State funding for EPFL, including new technologies and changing neighborhood demographics and characteristics.

Adult Education

House Bill 1503 (Ch. 141) exempts an individual who is a homeless youth who has had a consistent presence in the State for a specified period of time from paying GED testing fees. The Department of Labor, Licensing, and Regulation is required to verify that the individual is a homeless youth and may use specified other individuals to make that determination.

Senate Bill 1173/***House Bill 1406 (both passed)*** establish a Task Force to Study the Adult High School Concept. The task force is charged with studying and identifying best practices relating to eligibility requirements, financial stability, capacity standards, accreditation, reporting requirements, data collection, matriculation requirements, curriculum content and requirements, funding requirements and options, and any other issues relevant to the development of the adult high school concept. The task force must make recommendations regarding enabling legislation and regulations for the establishment and regulation of adult high schools and is required to submit its findings and recommendations in an interim report on or before December 15, 2016, and a final report by June 30, 2017.

Part M
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