

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 1145

(Senator Serafini)

Budget and Taxation

County Boards of Education - Leasing of School Property

This bill allows a county or private entity to hold title to property that is leased by a local school board for use as a public school under terms agreed to by the parties. It also excludes lease payments made by a local school board to a county or private entity from the calculation of maintenance of effort (MOE). **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: The bill is procedural in nature and has no effect on State governmental operations or finances.

Local Effect: The bill facilitates the use of alternative financing arrangements already allowed in current law for local school construction projects. Otherwise, the bill has no material effect on local governmental finances.

Small Business Effect: None.

Analysis

Current Law: In general, all property used for public schools must be held in trust by the local school board. However, a private entity may hold title to property used for public schools if the private entity is contractually obligated to transfer title to the local school board on a specified date. There is no provision in statute for a county to hold title to property used for a public school.

Maintenance of Effort

Minimum annual appropriations from each county (including Baltimore City) to the local school system are governed by an MOE requirement under State law. MOE requires each county to provide, at a minimum, the greater of (1) the local share of the foundation amount, which is a uniform percentage of the local wealth base applicable to all counties, or (2) the highest per pupil amount provided by the county in the previous year. Counties may request that nonrecurring costs be excluded from the per pupil calculation subject to State board approval. Historically, county contributions to local school boards have exceeded the local share of the foundation, so providing at least as much funding per pupil as was provided in the previous fiscal year has been the higher threshold for counties to meet.

Statute excludes some expenditures from the maintenance of effort calculation, including nonrecurring costs that are supplemental to the regular school operating budget and debt service for school construction projects.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City; Montgomery County; Maryland State Department of Education; Public School Construction Program; Board of Public Works; Department of Legislative Services

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