



The LEGISLATIVE WRAP-UP

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ENACTED LEGISLATION

Two emergency utility bills, passed overwhelmingly in their respective chambers, became the first bills signed into law this session. **HB 3** and **SB 65, Chapters 1 and 2** respectively, were signed by Governor Glendening on Wednesday and go into effect immediately. The bills will allow public service companies, such as Baltimore Gas and Electric (BGE), to create separate unregulated holding companies. Maryland now joins the ranks of other states that allow home-chartered utilities to form non-regulated businesses. The measures do not change the jurisdiction of the Public Service Commission to oversee and regulate the utility portion of the holding companies, but will allow BGE to remain competitive in the fast-changing power industry.

ALCOHOLIC BEVERAGES

Tough drunk driving measures that will make it easier to convict motorists for driving while intoxicated have new momentum to pass this year. The United States Congress has offered extra transportation funds to states that enact tougher laws for driving while intoxicated. Under current Maryland law, a person is considered intoxicated per se if the person's blood alcohol content tests at 0.10 percent or higher, and a 0.07 reading is presumed to be driving while under the influence of alcohol. **SB 127** would lower the driving while intoxicated level from 0.10 to 0.08 and the driving while under the influence of alcohol level from 0.07 to 0.06. **SB 255** would keep the existing level of driving while under the influence of alcohol at 0.07 and reduce the driving while intoxicated level to 0.08.

BUDGET AND FISCAL MATTERS

House and Senate committees continue to hold hearings on the State budget, meeting with representatives of State agencies that have made various budget requests. The hearing portion of the legislative budget process will continue for the next three or four weeks.

A Senate committee has heard a proposal to allow county tax collectors, rather than the clerks of the courts, to collect recordation taxes beginning in fiscal 2000. Currently, only Prince George's County collects its own recordation taxes. In other counties, the clerks collect the taxes for the State, which returns the funds to each county minus the clerk's fees. Under **SB 5**, counties that decide to use the county tax collector would avoid the clerk's fees after fiscal 2000. This bill is a reintroduction of legislation that was passed by the General Assembly in 1998, but was vetoed by the Governor.

Two more proposals to increase the tax on cigarettes were introduced this week. One of the bills, **HB 190**, is the companion to the Administration's bill, **SB 143**. These bills would increase the tax on cigarettes, first to 86 cents per pack and then to \$1.36 per pack, and impose the tax on other tobacco products as well. **HB 292** would increase the tax on cigarettes only, to 86 cents per pack, and use the increased revenues to reduce the waiting list for services for the developmentally disabled. **HB 190/SB 143** earmark the funds for school construction.

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A related measure, **HB 55**, would increase the cigarette tax to \$1.36 per pack and reduce State income taxes. Under **HB 55**, a Maryland resident could subtract a portion of Federal Insurance Contribution Act and Federal Self-Employment Income (social security) taxes, up to a maximum of \$2,700, from federal adjusted gross income, thus reducing the amount of income subject to the State income tax.

CONSUMER AFFAIRS

SB 53, a bill that would increase the maximum amount that the Home Improvement Commission's Guaranty Fund may award when multiple claims are lodged against a single home improvement contractor, passed third reading in the Senate and now awaits a hearing in a House committee.

CRIMINAL MATTERS

SB 111, to allow courts to increase by 50 percent the maximum sentence of criminals who commit a crime of violence against people 65 or older, was heard by a committee this week. Thirteen states already have similar laws.

The Senate has passed **SB 9** which would make it a crime to lie to the General Assembly during any proceeding that is required by House or Senate rule to be recorded. At present, the bill would cover hearings and other proceedings in the Senate, but not in the House, where hearings and proceedings are not routinely recorded. Passage of this proposal has been attempted since the early 1980s, and most often has failed in the House. The bill is modeled on the 90-year-old federal law that criminalizes lying to Congress. (**HB 31**, to be heard by a committee next week, would require all floor sessions and committee meetings of both the Senate and the House to be audiotaped and videotaped.)

ECONOMIC MATTERS

Several bills related to encouraging economic development in Maryland are moving through the process. The "One Maryland Economic Development Program for Distressed Counties - Income Tax Credits" (**HB 4**) has had a committee hearing on the House side, as has the "One Maryland Economic Development Program for Distressed Counties" (**HB 5**). The "One Maryland" concept offers a multi-front initiative of credits on future taxes and long-term loans which are designed to stimulate business and job growth in the State's six most economically distressed counties, i.e. Allegany, Garrett, Somerset, Worcester, and Dorchester Counties and Baltimore City. These counties qualify as distressed because their average unemployment rate exceeds 150 percent of the statewide average unemployment rate over the most recent 18-month period for which data is available. **HB 4** establishes a tax credit program for qualified businesses that establish or expand business facilities in a qualified distressed county and the activity creates 25 or more new full-time positions. A qualified business may offset its "start-up costs" by retaining the State income tax withholdings from employee salaries. In addition, a qualified business with total project costs of at least \$500,000 may claim a credit against the State income tax for those expenses. The second bill, **HB 5**, creates a Smart Growth Economic Development Infrastructure Fund to make loans to these qualified distressed counties to finance economic development projects, including infrastructure projects. This bill also provides that each county must have an approved strategic plan for economic development and meet specified loan application requirements.

EDUCATION

Companion bills amending the Maryland Higher Education Investment Programs were heard in their House and Senate committees this week. Designed to increase participation in the prepaid tuition

contract program, **HB 28/SB 8** would reduce State income taxes. The bills would allow purchasers of prepaid tuition contracts to subtract up to \$2,500 each year until the full value of the contract has been allowed as a subtraction from income. The bills also would extend the income subtraction modification to each prepaid tuition contract purchased. Current law caps the income subtraction modification at \$2,500, regardless of the value of a contract or the number of contacts purchased.

FAMILY LAW

Victims of domestic violence would gain additional legal protections under three bills endorsed by the Glendening administration and Lieutenant Governor Townsend's and Attorney General Curran's Family Violence Council. **SB 146** would expand the current law allowing abuse victims to seek protective orders to include people who are dating or have been in a dating relationship with the abuser. According to proponents, a number of other states and the District of Columbia already grant restraining orders in dating relationships. Currently, Maryland judges cannot issue a protective order if the abuse occurred in another state. **HB 149** would extend protective orders to victims who come to Maryland to escape an abusive relationship with someone out of state. **HB 264** would allow judges to seize firearms temporarily from suspected abusers at the time of an ex parte order, a form of immediate temporary relief which may, among other things, prohibit further abuse and prohibit the accused from having any contact with the victim. Under current Maryland law, judges can order the seizure only at a protective order hearing, which follows an ex parte order.

HEALTH

A hearing was held this week for **SJ 1**, the Senate joint resolution urging Congress and the President to prohibit the government from recouping the Medicaid portion of the State Tobacco Settlement Funds. The 1999 version of the partial-birth abortion prohibition bill (**SB 194**) was also introduced in the Senate. The measure prohibits the performance of partial-birth abortions unless necessary to save the life of the mother and it specifies that this act may not be construed to interfere with the decision of a woman to terminate a pregnancy.

HOUSING

Three related measures designed to protect new home buyers have been introduced. Two of the measures were heard by a committee this week. **HB 86** would require sellers' agents to notify the buyer of any governmental plans, such as road construction or other improvements, that may affect the home, and **HB 161** would require new home builders to disclose information about the presence of hazardous materials on the site of a new home. **HB 108**, scheduled for a hearing in two weeks, would require the installation of carbon monoxide detectors in new residential units that are heated by natural gas.

INSURANCE

SB 135, the Patients' Bill of Rights Act of 1999, was the subject of a hearing this week. The bill is a legislative priority for the Governor and aims to provide greater access to health care for Maryland citizens. Reported concerns about the proposed bill of rights include the mandated hospital stays, the definition of specialists, and increased prescription costs. **HB 182**, the House companion to **SB 135**, is scheduled for a hearing next week.

LEGISLATIVE MATTERS

The package of ethics bills, **SB 1/HB 1** and **SB 25/HB 2**, have had a joint hearing before the committees of each house.

STATE GOVERNMENT

HJ 1, which requests that March 14 every year be "Louis L. Goldstein Day" in honor of the late comptroller, has passed the House.

UTILITIES

The much-awaited utility deregulation bill was introduced this week. **SB 300** outlines how the State's electric industry will be deregulated and how competition will enter the market. The bill would give the Public Service Commission the power to freeze or cap rates for residential customers for at least three to four years, and would allow public choice among electricity providers in an effort to reduce rates. The measure has provisions to protect low income customers through the establishment of a universal service fund. The bill is contingent on another bill (not yet introduced) that will address tax revenues under deregulation.

NEXT WEEK

Friday, February 12 is the House Bill Introduction Date. As required by House Rule 32(b), House bills introduced after this date will be referred to the House Rules and Executive Nominations Committee. February 5 is the Senate Bill Introduction Date, as required by Senate Rule 32(b). Senate bills introduced after this date are referred to the Senate Rules Committee.