



The LEGISLATIVE WRAP-UP

Issue: 99-12

March 29 - April 2, 1999

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Monday, April 5 is the 83rd day of the 1999 session and exactly one week before Sine Die. It is also the date by which the Budget Bill is to be passed by both chambers. Article III, Section 24 of the Maryland Constitution specifies that if the Budget Bill (**HB 120** for 1999) has not been acted upon by the legislature at least seven days before the expiration of a regular session, the Governor is required to issue a proclamation extending the session for whatever period of time in the Governor's judgment is necessary for the passage of the Bill. Currently, the Budget Bill is in conference committee to reconcile the differences between the House and Senate versions.

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AGRICULTURE HB 67 has passed both chambers. If signed by the Governor, it will increase, from \$50,000 to \$75,000, the amount of State funds available for individual water pollution control projects under the Maryland Agricultural Water Quality Cost-Share Program.

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BUDGET AND FISCAL MATTERS

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The Senate and House each gave preliminary approval to its own version of the Consolidated Capital Bond Loan of 1999 this week. The Senate, in **SB 162**, reduced the Governor's request from \$426 million to \$421.8 million, while the House, in **HB 143**, reduced the authorization in general obligation bond debt to \$419.5 million. Both bills would provide over \$50 million for the construction and renovation of State office buildings, including three court buildings and the Senate office building in Annapolis, and for asbestos and CFC (chlorofluorocarbon) abatement projects. Several health and social service projects would also receive funding, including various community mental health facilities (\$5.6 million), diagnostic and treatment facilities at the University of Maryland Medical School (\$10 million), and The Johns Hopkins University Cancer Research Center (\$5 million).

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Other awards to be granted include:

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- \$90 million, plus \$160 million in Paygo funds in the operating budget, for public school construction;
- \$13.9 million, plus \$10.6 million in Paygo funds in the operating budget, to the Rural Legacy Program for the acquisition of easements and land;
- \$12.2 million for nutrient removal to improve water quality;
- \$33.8 million to State correctional facilities;
- \$11.7 million to local jails;
- \$67.3 million (**SB 162**) or \$65.3 million (**HB 143**) to the University System of Maryland;
- \$3.1 million to Morgan State University;
- \$11 million to St. Mary's College;
- \$22.5 million to various community colleges;
- \$17.4 million for housing and community development programs;
- \$15.5 million to the African-American Museum;
- \$1 million to the Baltimore Children's Museum;
- \$5 million for the Silver Spring Redevelopment project;

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- \$2 million (**HB 143** only) for Glen Echo Park improvement; and
- \$2 million (**SB 162** only) to the State Police Crime Lab.

The capital budget program, a combination of the capital budget bill and local bond bills, meets the debt limit of \$445 million recommended by the Capital Debt Affordability Committee. There were 126 local bond bills introduced, totaling \$113.6 million, but the Governor left \$12.5 million under the debt limit for local legislative bond bills. With reductions in the capital budget bills, the Senate approved 67 local bond bills for a total of \$17.1 million, and the House approved 70 local bond bills for a total of \$19.4 million.

COURTS

A Glendening Administration proposal to allow the State to take over the costs of circuit courts (**HB 181**) passed the House in an amended form. The amended bill would require the fiscal 2001 budget to include funding for all circuit court jury commissioners, assignment commissioners, masters, and support personnel for these functions, pursuant to a plan that is to be created by October 1999 by the Chief Judge of the Court of Appeals and the Administrative Office of the Courts. The bill would also increase the State per diem for jurors from \$5 to \$15 beginning in fiscal 2001.

The House also passed **HB 1060**, which would remove the limitation on noneconomic damages in civil actions concerning exposure to a disease-causing substance in the workplace that occurred prior to July 1, 1986. The bill would overturn a ruling by the Maryland Court of Special Appeals that the cap on noneconomic damages, primarily for pain and suffering, applies to late-developing asbestos diseases.

CRIMINAL MATTERS AND CORRECTIONS

The Parole Commission could place special conditions on the release of prisoners who have served their sentence, minus any earned diminution credits, under provisions of **HB 124**, passed by the House last week. Current law allows special conditions, such as staying away from victims, participating in drug treatment programs, or reporting for supervision in the county where they were sentenced, to be imposed only on parolees.

The House passed **HB 334** that would make it a misdemeanor to fraudulently obtain, use, sell, or transfer another individual's personal identifying information without the individual's consent, or to assume the identity of another person with fraudulent intent or to avoid criminal prosecution. A violator could be fined, imprisoned, and made to pay restitution to the victim.

HB 692, as passed by the House, would require juvenile justice officials to discuss with alleged juvenile offenders and their parents or guardians information regarding referral of the child by the parents for a mental health and substance abuse screening. If the authorized screening shows that the juvenile has problems, a health care professional would conduct a comprehensive mental health or substance abuse assessment.

ECONOMIC MATTERS

Opposite chamber committee consideration is next in the process if several significant bills related to spurring economic development in the State are to pass. The "One Maryland" bills, aimed at aiding Maryland's most economically distressed counties, would authorize a tax credit program for businesses that establish or expand facilities and create jobs in these distressed jurisdictions (**SB 421** and **HB 4**). Amendments to **SB 421** include the elimination of the provision, retained in **HB 4**, that allows a qualified business to offset its "start-up costs" by retaining the State income tax withholdings from employee salaries. Other "One Maryland" measures, passed in differing forms,

would set up a Smart Growth Economic Development Infrastructure Fund to provide financial assistance to distressed counties for economic development projects, primarily those related to infrastructure (**SB 419** and **HB 5**).

Also pending with amendments in opposite chamber committees, **SB 134** and **HB 188** would establish a Maryland Economic Development Assistance Authority and Fund to offer long-term fixed rate loans to businesses that have a strong potential for expanding or retaining employment opportunities; **SB 136** and **HB 185** would set up a Maryland Competitive Advantage Financing Fund to provide financial assistance for the development and expansion of small businesses in the State.

The Senate has also passed and sent to the House an amended **SB 352** that exempts from Baltimore City property tax economic development projects that meet certain criteria including a payment in lieu of taxes (PILOT) agreement by the owners. The House version, **HB 559**, is pending in a Senate committee. Also aimed at supporting a more business-friendly climate in Maryland, **SB 169**, now pending in the House, would provide increased protections for corporations and real estate investment trusts against unsolicited takeovers.

The Senate has passed on second reading amended versions of **SB 779** and **HB 1148** which authorize enhanced property tax credits for new and expanded businesses in Maryland that meet the criteria for the creation and retention of jobs and certain square footage requirements, and which are part of the Marriott Corporation incentive package.

EDUCATION

HB 116, providing that local boards of education may authorize the establishment of public charter schools, and **HB 9**, the Quality Teacher Incentive Act of 1999, providing incentives to recruit new teachers and retain current ones, passed the House this week.

HB 868, the Maryland Meals for Achievement Pilot In-Classroom Breakfast Program, establishing a pilot program for certain schools to provide breakfast for all students regardless of income, received a favorable Senate committee report with amendments.

Passing the Senate was **SB 137**, the Maryland Learning Success Program, which would provide grants to local boards of education to reduce class sizes for reading instruction in the first and second grades. The companion, **HB 187**, has received a favorable Senate committee report with amendments.

A bill to prevent fund-raising abuses by private foundations that raise money for the State's public universities, **SB 354**, passed the Senate. The bill would allow the Office of Legislative Audits to review the financial records and audit reports of the private foundations affiliated with a unit of State government.

ELDERLY PERSONS

Under **SB 714**, as passed by the Senate, the Department of Health and Mental Hygiene, in consultation with the Health Care Access and Cost Commission, would develop and implement a set of performance measures to comparatively evaluate the quality of care and performance of nursing facilities. As part of the evaluation, performance information from nursing facility clients and their families would be solicited. Findings of the evaluation would be published on an annual basis.

ELECTIONS

SB 668, concerning disclosure of information about campaign contributors, has received an

unfavorable committee report.

HB 951, which would require a political action committee to indicate prominently on a check that it is a political action committee, passed the House and was heard in a Senate committee this week.

ENVIRONMENTAL MATTERS

SB 208, which would prohibit the Department of the Environment from issuing a permit to install, materially alter, or materially extend a sewage sludge storage facility until the facility meets all county zoning and land use requirements, has passed both houses.

FAMILY LAW

Children under the age of 15 would be forbidden to marry under **HB 388**, which received House approval this week. Current law allows those under the age of 16 to marry if they have the consent of a parent or guardian and the prospective bride is pregnant or has given birth.

The House and Senate have passed differing amended versions of companion bills **SB 445** and **HB 914**. The bills would alter the way Maryland's temporary cash assistance is calculated for working people already enrolled in the Family Investment Program by disregarding 35% of their earned income rather than the current 26% disregard.

A proposal to create a refundable income tax credit for qualified child and dependent care expenses (**HB 7**) has passed the House. The tax credit would be in addition to the income tax deduction for dependent care allowed under current law, would be up to 25% of the federal child and dependent care credit claimed by the filer, and would be applicable starting in tax year 2000. Provisions for tax credits for "after-school opportunity" expenses were amended out of the bill.

A House committee defeated two bills that would have altered child abuse reporting laws. **HB 778** would have criminalized failure of educators, health practitioners, police officers, and human service workers to report suspected child abuse, making it a misdemeanor. **HB 724** would have made it a misdemeanor for a private or parochial school educator to fail to make a report.

HEALTH

The following bills have failed in committee:

- **HB 70**, which would have required the Department of Health and Mental Hygiene to conduct an annual inspection of hospice facilities to ensure conformance with health care regulations;
- **HB 953**, which would have established a demonstration program for "new open heart surgery services" and provided an exemption from Certificate of Need (CON) requirements if certain conditions had been met;
- **HB 1188**, which would have prohibited hospitals from terminating an employee without good cause and allowed an employee to appeal to the Department of Health and Mental Hygiene after exhausting all internal grievance procedures; and
- **HB 94**, the Parental Rights Act of 1999, which would have repealed the authority of a minor to have the same capacity as an adult in consenting to treatment or advice about pregnancy or contraception. The Act would have allowed physicians to give a parent, guardian, or spouse of the parent information about treatment needed by a minor in cases where abortions are performed, and would have made physicians liable for civil damages for procedures performed without parental consent.

HB 978, which would disband the Health Care Access and Cost Commission's Advisory Committee on Practice Parameters, passed both chambers and is now ready for gubernatorial consideration.

HB 994, passed by the House, seeks to increase cost effectiveness and efficiency in Maryland's health care delivery system by addressing the recent decline in hospital occupancy rates. Specifically, the bill would provide incentives and alternatives to assist certain hospitals in closing or downsizing, including establishing a category of "limited service hospitals."

HOUSING

Companion measures, **SB 517/HB 1009**, proposing to establish a State Board of Home Inspectors and require home inspectors to be registered with the Board, both received unfavorable committee reports.

INSURANCE

A number of bills are now moving through the process in the opposite chamber. **SB 618**, to prohibit health insurers or HMOs from establishing emergency services that compete with the State's 911 system or other governmental emergency medical services, received a favorable preliminary report with amendments from a House committee; its companion, **HB 767**, has passed with amendments in the Senate.

In addition, the Senate's version of the Patients' Bill of Rights, **SB 135**, was before a House committee this week. The House version, **HB 182**, passed third reading with amendments in the Senate. The bill was amended to include a mandatory 48-hour hospital stay for mastectomy and testicular cancer surgery patients, also provided for in the Senate version.

SJ 7, which requests the U.S. Congress to amend the federal Employment Retirement Income Security Act (ERISA) to permit State regulation of self-funded employer-based health plans, was also heard in a House committee this week.

LEGISLATIVE MATTERS

The ethics bills, **SB 1/HB 1**, are in conference committee.

SPORTS AND GAMING

HB 906, which would allow deer hunting on certain Sundays, passed the House. The bill would allow Sunday hunting only with a bow and arrow, in November and December, on private property, and with the owner's permission.

STATE GOVERNMENT

SB 170, which would create a new Department of Veterans Affairs, has passed with amendments in the House.

HB 191, concerning State police retirement benefits, passed the House in amended form and is now in a Senate committee. The House amendments reduce the benefit rate in the bill from 2.75% to 2.65%, with eligibility for normal retirement benefits after 22 years. This is an increase from the present rate of 2.2% for the first 25 years of service. The amendments also provide incremental increases in benefits for people retiring before July 1 by a minimum of \$1,200. The only change to

the Deferred Retirement Option Program (DROP) is a limit of 28 years of service for participation. The Senate companion, **SB 141**, was heard in a House committee this week.

HB 179, the collective bargaining bill for State employees, has passed the House and is in a Senate committee, where the Senate companion, **SB 129**, remains.

SJ 11, which would create a Task Force on Regulatory Reform, has passed the Senate and is in a House committee.

UTILITIES

A conference committee has worked out the differences in the two versions of the electric utility industry deregulation bills, **SB 300** and **HB 703**. Both chambers agreed and passed the bills, which now to go to Governor Glendening for his signature or veto. The purpose of the legislation remains to establish customer choice, create a competitive electricity market, deregulate the supply of electricity, provide benefits for all customer classes, and ensure compliance with federal and State environmental standards. Decisions made by the conference committee regarding some of the more controversial provisions in the bill include the following:

- The first 1/3 of residential customers will begin choosing their electricity supplier in July 2000: a phase-in process will follow until all residential customers have chosen their supplier by July 2002.
- The range for a rate reduction is set between a minimum of 3% and a maximum of 7.5% for residential customers. This reduction will only be in effect for four years.
- The Public Service Commission will be allowed to continue to evaluate the cost-efficiency of investments by electric companies into renewable energy sources, and will be required, in consultation with the Maryland Energy Administration, to report by February 2000 on the feasibility of requiring a renewable portfolio standard and on the feasibility and structure of a two-tiered standard.
- Electric companies will be required to conduct a study that tracks shifts in generation and emission as a result of restructuring and will be required to provide at least the same percentage of electricity from available renewable energy resources, at a reasonable comparable cost, as they provided in 1998.
- Municipal electric utilities will be allowed to elect to provide customer choice, and will be required to report by 2003 on their experience or intention to enter the competitive market.
- Distribution companies will be required, by providing a standard offer service as a default service, to ensure that low-income customers will not be without electricity.
- Distribution companies will continue to be responsible for the distribution of electricity in their territories and will be required to provide services to all customers and suppliers at non-discriminatory rates, terms of access, and conditions.

Utility tax reform legislation that is linked to the passage of the legislation to deregulate the electric utility industry in Maryland passed the General Assembly. Major provisions of the utility tax reform proposal (**SB 344/HB 366**) include:

- replacing the existing 2% gross receipts tax on electric and gas public service companies with a combination of taxes on distribution companies, i.e., imposition of a 2% gross receipts tax on transmission and distribution, not generation, of electricity and on delivery, but not sales, of natural gas and imposition of a distribution tax based on kilowatt hours or therms delivered, with a special cap of 0.062 cents/kwh for electricity and 0.402 cents/therms for gas for ultra-large consumers;
- imposing the 7% net corporate income tax on all income of electric and gas utilities;
- providing relief from 100% assessment of real property used in generation by means of a credit against the corporate tax;

- providing partial relief for property taxes imposed on personal property used in generation of electricity; and
- providing special credits against the corporate income tax to Allegheny Power and Conectiv for five years.

The legislation provides a 50% exemption on personal property tax assessment with grants to counties to offset a portion of their lost revenue.