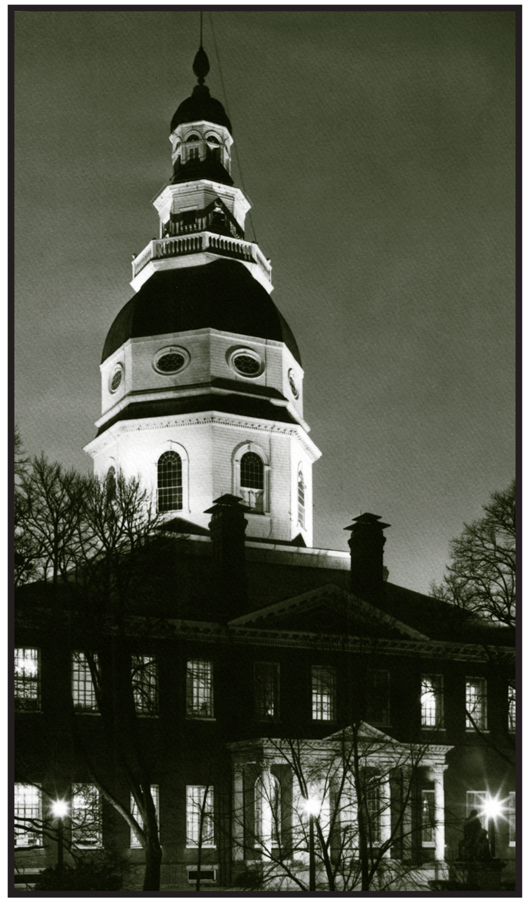
THE 90 DAY REPORT

A Review of the 2017 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, 2017

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 2017 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 2017 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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Part A
Budget and State Aid

Operating Budget

Overview

A lackluster economy and slow wage growth caused fiscal 2016 to close with $250 million in less revenue than expected and the Board of Revenue Estimates (BRE) to revise its outlook for fiscal 2017 downward by $365 million. Governor Lawrence J. Hogan, Jr. withdrew $82 million in agency spending through the Board of Public Works (BPW) in November 2016. BRE adopted further revisions in December 2016, with a nominal impact on fiscal 2017 and 2018. More significantly, lower economic expectations drove the fiscal 2019 through 2022 revenue estimate downward by $442 million.

In December 2016, the Spending Affordability Committee (SAC) projected a structural general fund shortfall of $377 million and recommended that it be reduced by at least one-half, leaving a shortfall of no less than $189 million. The budget introduced by the Governor for fiscal 2018 proposed to eliminate the entire structural shortfall, leaving a structural surplus of $47.0 million. This plan relied upon nearly $250 million in general fund reductions contingent upon budget reconciliation legislation, including proposed reductions or repeal of legislation passed at the 2016 session. Legislative action concurred with some of the Administration's proposals, limited reductions to fiscal 2018 only for several programs, and kept other mandates intact as legislative priorities. The fiscal 2018 budget grows by 1.2%, to $43.6 billion. Final action on the budget leaves an estimated $91.2 million in the General Fund as well as $860.3 million (5.0%) in the Revenue Stabilization Account (a.k.a. the Rainy Day Fund). The legislature also met nearly all of the SAC recommendations, including those related to the structural shortfall, personnel, reserve fund balance, and revenue volatility.

While the State's fiscal position is positive in fiscal 2018, the outlook is less favorable in the out-years. The Administration will need to take action to address a shortfall in excess of $700 million in fiscal 2019 and is required to submit a report by July 2017 on how this gap will be resolved. The forecast projects a general fund shortfall of $1.5 billion by fiscal 2022, without accounting for the uncertainty surrounding federal aid to the states or the potential impact of reductions to the federal workforce, which may take shape under the newly elected President.

Budget in Brief

The Fiscal Year 2018 Budget Bill, ***House Bill 150*** ***(enacted)***, provides $43.6 billion in appropriations for fiscal 2018 – an increase of $498.8 million (1.2%) above fiscal 2017. **Exhibit A-1.1** illustrates funding by type of revenue. General fund spending accounts for 39.5% of the total budget. Federal funds support 29.8% of all spending. Special funds constitute 20.7% of the budget, and higher education revenue provides the remaining 10.0%. State agency operations constitute the largest area of spending, accounting for 40.7% of the total budget. Entitlements represent 29.1% of the budget, and 19.7% 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 an appropriation to the Rainy Day Fund.

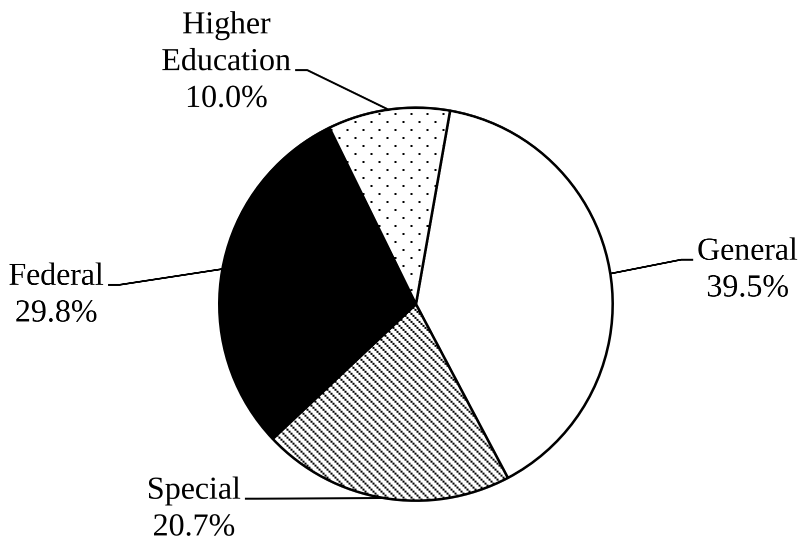
General fund appropriations are essentially level funded in fiscal 2018, increasing by only $78.5 million, or 0.5%, over the fiscal 2017 working appropriation. The most significant general fund growth is within the Medicaid program, which increases by $172.2 million, or 5.7%, to support rate increases for managed care organizations in calendar 2016 and 2017. State agency spending increases by $68.1 million, or 1.0%, in fiscal 2018. Additional funding within the health department provides for an expansion of placements within the Developmental Disabilities Administration (DDA), rate increases for community providers, and additional funding to address the ongoing heroin and opioid crisis. General funds are also utilized to limit resident tuition growth at State higher education institutions to 2.0%. These increases are offset by a $145.4 million reduction in the appropriation to the State Reserve Fund, including a $40.0 million contingent reduction, maintaining a balance of 5.0% of estimated general fund revenues. Fiscal 2018 funding for general fund PAYGO declines by 84.7%, primarily due to less availability of general fund revenues for capital projects compared to fiscal 2017.

Special funds grow by $240.5 million, or 2.7%, compared to the fiscal 2017 working appropriation. Funding for transportation accounts for the majority of the increase, as additional funds are provided for transit operating costs, highway user and local government capital grants, and debt service. Nearly $75.0 million of the total increase is attributable to additional revenues from the Annuity Bond Fund to cover the cost of GO bond debt service. Additional revenues from the Education Trust Fund (ETF) increase special fund education aid to local governments by $47.5 million. This special fund growth is offset by large decreases for uncompensated care and environment-related capital projects.

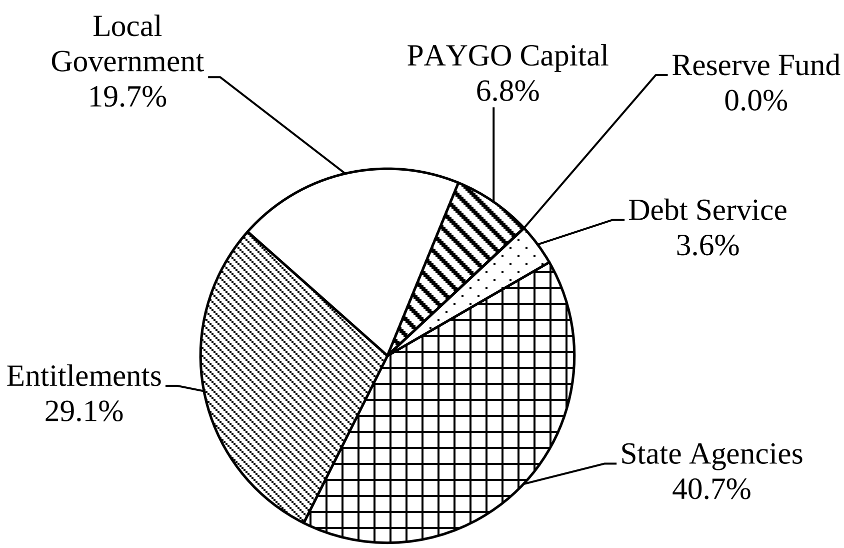
Exhibit A-1.1

Maryland's $43.6 Billion Fiscal 2018 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 $98.8 million, or 0.8%. Federal fund support of $65.2 million is provided to recognize the federal funds for the Maryland Total Human services Information NetworK information technology project, which seeks to create a cloud-based shared infrastructure and data repository that will integrate a majority of the State's human services systems. Federal aid to education provides an additional $56.5 million including over $15.0 million to fund case services for clients of the Maryland State Department of Education's Division of Rehabilitation Services and relocation of the Disability Determination Services program. Funding for the Medicaid program also increases modestly (0.8%) due to enrollment increases in the Affordable Care Act (ACA) expansion population. Federal fund growth in fiscal 2018 is offset by reductions in Supplemental Nutrition Assistance Program (SNAP) payments based on declining caseloads and federal spending on transportation capital projects.

Funding for public higher education institutions increases by $108.6 million in total funds (unrestricted and restricted funds), or 1.9%, in fiscal 2018. This includes funding to limit resident tuition increases to 2.0%. Aid to community colleges also increases by $3.4 million to $317.7 million. Aid to nonpublic colleges and universities grows by $4.2 million, providing a total of $51.0 million in fiscal 2018.

With respect to personnel, the size of the regular State workforce decreases by 0.6%, or 447 positions, to 80,119 regular positions in fiscal 2018. There is no funding for merit or general salary increases for State employees. There is funding to provide retroactive step increases for law enforcement officers that missed step increases from fiscal 2010 to 2013, per a collective bargaining agreement with the State Law Enforcement Officers' Labor Alliance (SLEOLA). For a more detailed discussion of personnel issues, see the subpart "Personnel" within Part A of this *90 Day Report*.

Framing the Session: 2016 Interim Activity

Fiscal 2016 closed with a balance of $384.5 million in the General Fund, including $83.1 million in funding restricted for legislative priorities that was not released by the Administration. While revenues for fiscal 2016 reflected an overall increase of 1.7%, the $16.2 billion collected was still $250.1 million below estimate. Weakness in wage growth and general economic uncertainty were largely attributable for the underperformance. The continuation of this weakened economic outlook caused BRE to revise its fiscal 2017 revenue estimate downward by a combined $378.9 million at its September and December 2016 meetings.

In recognition of this outlook, Governor Hogan again declined to release $87.9 million in funds restricted for legislative priorities in fiscal 2017 and also acted to withdraw $83.3 million in general and special fund spending through BPW in November 2016.

Acknowledging the State's fiscal situation, SAC advised of a fiscal 2017 estimated shortfall of $209.4 million and a fiscal 2018 structural deficit totaling $377.0 million. SAC recommended reducing the fiscal 2018 structural imbalance by at least 50%, leaving a gap of no more than $189.0 million and requesting a detailed plan from the Administration for how to resolve the structural deficit in fiscal 2019.

BPW Withdrawn Appropriations

BPW's November 2, 2016 action reduced fiscal 2017 general fund spending by $82.3 million and special fund spending by $982,000.

Fund Swaps: There were $28.8 million in fund swaps, in which general funds are replaced with a like amount of special funds. Most of this amount used special funds from the Cigarette Restitution Fund ($20.0 million) in lieu of general fund appropriations in Medicaid. Other large swaps entailed the use of $4.1 million in balance from the Higher Education Investment Fund and $3.1 million from the Need-based Student Financial Aid Assistance Fund to replace general funds in the Educational Excellence Awards Program.

State Agencies: State agencies were reduced by $20.6 million. Some of the larger general fund actions included:

- $9.1 million from the Department of Juvenile Services in recognition of lower residential per diem payments for out-of-home placements, based on continued declines in residential caseloads; and

- $4.0 million in aid to private colleges and universities through the Sellinger program in the Maryland Higher Education Commission.

Special funds for the State Lottery and Gaming Control Agency (SLGCA) were reduced by $982,000, as the agency had sufficient funding to cover vendor fees based on sales projections. Since any unspent appropriations from the lottery revert to the General Fund, an equivalent amount was credited as a general fund revenue.

PAYGO: PAYGO capital programs for the Department of Housing and Community Development (DHCD) were reduced by $7.0 million.

Higher Education: Cuts of $16.0 million were allotted to State institutions. Larger actions included:

- $12.5 million to reflect the abolition of 113 positions (72 vacant and 41 filled) at the University System of Maryland (USM) ($11.5 million/60 vacant and 41 filled positions) and Morgan State University (MSU) ($1.0 million/12 vacant positions); and

- $3.5 million in general operating expenses from USM, MSU, and the Baltimore City Community College.

Entitlements: Based on lower caseloads, reductions totaled $7.1 million. This included $3.7 million from the Temporary Cash Assistance (TCA) program in the Department of Human Resources (DHR) and $3.4 million from the Homeowner's Tax Credit in the State Department of Assessments and Taxation (SDAT);

Local Aid: Local aid was reduced by $3.9 million in the Disparity Grant program. Reductions were made to the grants to Cecil, Prince George's, Washington, and Wicomico counties.

SAC Recommendations

SAC prepared its final report to the Governor in December 2016, which recommended a return to the methodology to address the structural imbalance in the General Fund, in lieu of a recommended growth limit.

Spending Limit and Sustainability: Based on forecasts that estimated the fiscal 2018 structural deficit at $377 million, SAC recommended that the budget, as introduced and enacted, reduce the structural deficit for fiscal 2018 by at least 50%, leaving a structural gap of no more than $189 million. In addition, the committee recommended that the Administration prepare a detailed report with specific proposals for achieving structural balance in fiscal 2019.

Fund Balances: SAC recommended that the balance in the Rainy Day Fund be maintained at 5% of estimated revenues and authorized the use of any funds above that balance to address imminent cash shortfalls in fiscal 2017 and 2018. In addition, the committee recommended that the General Fund maintain a minimum ending balance of at least $100 million for fiscal 2018.

Revenue Volatility: In response to a review of Maryland's revenue structure that determined nonwithholding personal income tax revenues to be extremely volatile and difficult to accurately forecast, SAC recommended the consideration of legislation that would limit estimated revenues from nonwithholding income tax revenues by placing a cap, or collar, on the amount of nonwithholding income tax revenues assumed during the budget process, in order to mitigate the impact of revenue volatility on the State budget.

Personnel: The committee recommended that the current complement of 80,323 regular positions was appropriate for the delivery of 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. In addition, the committee recommended language be included in the fiscal 2018 budget regarding chronic staffing issues plaguing State agencies.

Governor's Spending Plan as Introduced

For fiscal 2017, the Governor proposed over $1.0 billion in deficiency appropriations, the majority of which ($965.1 million) was provided for the Medicaid program. In addition to the $82.3 million in mid-year general fund reductions adopted by BPW in November 2016, the estimated closing fund balance of $68.5 million relied on $16.2 million in additional assumed revenues, a $170.0 million proposed transfer from the Rainy Day Fund, and $155.8 million in assumed reversions. The $43.1 billion in total spending reflected a nearly $3.5 billion (8.8%) increase over fiscal 2016 actual expenditures.

The fiscal plan submitted by the Administration provided for $43.8 billion in total spending for fiscal 2018, including $247.8 million in contingent reductions proposed to address the entire $377.0 million structural deficit (with an estimated $47.0 million structural surplus as calculated by the Department of Legislative Services). The Governor's proposed spending plan estimated a closing fiscal 2018 general fund balance of $144.2 million, which also relied upon revenue and reversion assumptions and transfers to the General Fund. **Exhibit A-1.2** details the Governor's original general fund spending plan for fiscal 2017 and 2018.

Exhibit A-1.2
Governor's Original Budget Plan
Fiscal 2017-2018
($ in Millions)

	2017	2018
Opening Balance	**$384.5**	**$68.5**
Board of Revenue Estimates Revenues	$16,621.3	$17,180.3
Additional Revenues	45.7	26.5
Transfers	170.0	2.5
Subtotal	***$16,837.0***	***$17,209.4***
Appropriations/Contingent Reductions/Deficiencies	$17,308.9	$17,164.8
Targeted Reversions	-125.8	-1.2
Reversions	-30.0	-30.0
Subtotal	***$17,153.1***	***$17,133.6***
Closing Balance	**$68.5**	**$144.2**

Source: Maryland Budget Highlights, Fiscal 2018

Fiscal 2017 Assumptions

Revenue Assumptions: The Governor's spending plan assumed $16.2 million in additional general fund revenues, including the $982,000 generated from the November BPW cut to SLGCA. The majority of the additional revenue, $12.0 million, results from a nationwide settlement agreement with Volkswagen. Other assumptions included $2.0 million from the Maryland Environmental Service, and the proposed repeal of, Chapter 727 of 2016 establishing the Maryland International Thoroughbred race, which was expected to generate $1.0 million in lottery revenue savings to be credited to the General Fund.

Deficiencies: Fiscal 2017 deficiency appropriations totaled slightly more than $1.0 billion, including $155.6 million in general funds. The majority of the fiscal 2017 funding ($965.1 million) was needed for the Medicaid program, including $837.1 million in federal funds mainly to support unanticipated enrollment for the ACA expansion population. Additional funds were provided for teacher retirement costs, programs to address the ongoing heroin and opioid crisis, an appropriation to the Sunny Day Fund to fulfill terms of an agreement with Marriott International Inc., additional State support for higher education, and a variety of other miscellaneous increases across State government.

Reversions: General fund reversions of $155.8 million were assumed, consisting of $30.0 million in unspecified reversions and $125.8 million in targeted reversions. Approximately $87.9 million of the targeted reversions consisted of restricted funds not released by the Administration. Other significant reversions included:

- $17.1 million from DDA based on projected expenditures;
- $9.8 million from the Maryland Department of the Environment (MDE) general fund PAYGO, which can otherwise be supported with the use of GO bonds;
- $5.0 million in assumed personnel savings within the Department of Public Safety and Correctional Services (DPSCS) due to high vacancy rates; and
- $5.0 million in anticipated overfunding for nonpublic placements.

Fund Transfers: The Administration proposed the transfer of $170.0 million from the Rainy Day Fund to the general fund in order to balance fiscal 2017, contingent on a provision in ***House Bill 152*** ***(Ch. 23)***, the Budget Reconciliation and Financing Act (BRFA) of 2017. This transfer drew down the balance in the fund to 5% of estimated general fund revenues.

Fiscal 2018 Assumptions

Contingent Reductions: The Governor proposed $247.8 million in fiscal 2018 general fund reductions, contingent on the enactment of the BRFA of 2017. Some of the larger actions include:

- $48.8 million from the elimination of the pension sweeper requirement for one year;
- $40.0 million reduced from the statutorily required $50.0 million appropriation to the Rainy Day Fund;
- $25.0 million from a one-year delay in the Medicaid deficit assessment buy down; and
- $10.9 million from increasing the local cost share for SDAT operations to 70%.

Revenue Assumptions: The Governor's spending plan assumed a net $1.1 million in additional revenues, primarily generated from the previously discussed proposed repeal of Chapter 727 of 2016.

Reversions: General fund reversions of $31.2 million were assumed, consisting of $30.0 million in unspecified reversions and $1.2 million in expected reversions from the Judicial and Legislative branches to recognize the same retirement reductions made to the Executive Branch from the one-year elimination of the pension sweeper requirement.

Fund Transfers: Fiscal 2018 was also balanced in part by a $2.5 million proposed transfer to the General Fund from the Maryland Correctional Enterprises Revolving Loan Fund.

Legislative Consideration of the Budget

Revenue and Spending Changes

Following submission of the budget in January 2017, the Governor submitted two supplemental budgets, and revenues were revised by BRE in March 2017 by a net -$33.0 million across fiscal 2017 and 2018.

Revenue Revisions: In March 2017, BRE revised its general fund projection for fiscal 2017 downward by -$35.3 million, based largely on expected losses of income tax withholding and sales taxes related to a federal hiring freeze. The fiscal 2018 estimate was increased by $2.3 million.

Spending Changes

Following submission of the budget in January 2017, the Governor introduced two supplemental budgets, which proposed a total of $94.3 million in additional spending. **Exhibit A-1.3** summarizes the supplemental budgets by fund type.

Exhibit A-1.3
Summary of Supplemental Budgets
2017 Session
($ in Millions)

	General Funds	Special Funds	Federal Funds	Total
Supplemental Budget No. 1	$45.6	$17.7	$2.9	$66.1
Supplemental Budget No. 2	28.2	0.0	0.0	28.2
Total	**$73.8**	**$17.7**	**$2.9**	**$94.3**

Supplemental Budget No. 1: The Governor provided a net $66.1 million in additional spending in the first supplemental budget, consisting of $36.3 million in fiscal 2017 deficiency appropriations and $29.8 million in fiscal 2018 spending. Some of the larger items of expenditure included \$26.0 million for collective bargaining costs and other expenses in the Maryland Department of Transportation's (MDOT) Maryland Transit Administration (MTA); \$10.0 million in the Military Department for combatting opioid addiction; and \$8.1 million in the Department of Information Technology to fund several Major Information Technology Development Projects (MITDP) in DPSCS and MDE. This supplemental budget also reflected approximately \$56.1 million in fund swaps due to the need to provide general funds in place of gaming revenue (-\$32.5 million) following the write down by BRE in March 2017 and for debt service based on the availability of bond premiums (-\$23.6 million) resulting from the March 2017 GO bond sale.

Supplemental Budget No. 2: The second supplemental budget appropriated a net \$28.2 million in general funds in fiscal 2018. This provided funds to implement ***House Bill 684 (Ch. 6)***, which provides grants to local education agencies (LEA) with declining enrollments (\$17.2 million) as well as to LEAs that provide full-day kindergarten. This supplemental budget also added \$10.0 million in the Department of Health and Mental Hygiene (DHMH) for programs to combat opioid addiction, offset by an amendment withdrawing the \$10.0 million in funding for this purpose allocated in Supplemental Budget No. 1.

Reductions: Fiscal 2017 appropriations were reduced by a net \$24.1 million in all funds. The largest action entailed a \$15.0 million general fund reduction to the Department of Commerce (Commerce) appropriation for the Sunny Day Fund. A related provision in the BRFA of 2017 mandates this amount over fiscal 2019 through 2021. A \$10.0 million special fund cut was made in recognition that uncompensated care funds could not legally be utilized to support the Medicaid program. Another \$3.7 million was withdrawn through the BRFA of 2017 from the budgets of the Department of General Services (DGS) and DHMH DDA based on audit findings. Offsetting these actions was the restoration of \$7.5 million in general funds for the Prince George's County Regional Medical Center.

In total, the fiscal 2018 budget was reduced by a net \$281.9 million. Of this, \$162.5 million relates to net reductions that are contingent on the BRFA of 2017. Chief among these was a one-time \$55.8 million reduction to the pension sweeper supplemental contribution, a \$40.0 million cut to the appropriation to the Rainy Day Fund (leaving a 5% fund balance projected at the end of fiscal 2018), \$45.6 million in PAYGO capital appropriations to DHCD (\$36.6 million was replaced with GO bonds), and a \$25.0 million one-year delay to the statutory reduction in the Medicaid Hospital Assessment. Another \$113.7 million in noncontingent cuts were adopted, including:

- \$16.9 million from the Small, Minority, and Women-Owned Small Business Account (SMWOBA). Large unspent balances allowed the legislature to credit gaming revenues to the General Fund, via the BRFA of 2017, instead of to this account;

- \$14.6 million in local PAYGO grants from the Secretary's Office in MDOT leaving \$213.9 million to the local jurisdictions from Highway User Revenue (HUR) grants (\$175.5 million) and PAYGO grants (\$38.4 million);

- $13.9 million from the Judiciary related to either denying new positions to limit growth in the State workforce, or the elimination of employee merit increases in keeping with no funding provided in the Executive Branch; and

- $13.3 million from DHR. DHR's budget was pared based on the availability of $9.3 million in additional federal funds and the overestimation of caseloads in the Assistance Payments program.

Final Actions Related to SAC

Limiting Spending Growth: **Exhibit A-1.4** indicates that final revenue and spending actions by the legislature reduced the projected fiscal 2018 structural deficit by $331 million, or 88%, at the 2017 session. **The goal to reduce the fiscal 2018 general fund structural deficit by at least 50%, or no more than $189 million, was met.**

Personnel: The budget, as introduced, funded 80,123 positions, staying within the cap set by SAC. The legislature abolished 4 positions, including 3 positions in the Maryland Department of Aging (MDOA) and 1 position in the Uninsured Employers' Fund (UEF). At 80,119 positions, the fiscal 2018 personnel complement is 204 positions below the 80,323 cap recommended by SAC for the 2017 session. **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 2018 balance of $91.2 million, which is below the $100.0 million general fund balance recommended by SAC. (At the same time that the budget was passed, a $100.0 million balance was available. Subsequent legislation reduced the available balance.) With respect to the Rainy Day Fund, an appropriation of $10.0 million results in an estimated $860.3 million balance. This level of balance is equal to 5% of estimated general fund revenues. **Final action on the budget complied with the SAC recommendation to maintain a balance in the Rainy Day Fund at 5% of estimated revenues.**

Revenue Volatility: ***House Bill 503*** ***(Ch. 4)*** directs a portion of nonwithholding income tax revenue to either be retained in the Rainy Day Fund or the Fiscal Responsibility Fund. **Action by the legislature met the SAC recommendation to limit the impact of revenue volatility on the State budget.**

Summary of 2017 Legislative Session Activity

Exhibit A-1.5 shows the impact of the legislative budget on the general fund balance for fiscal 2017 and 2018. The fiscal 2017 balance is estimated to be $93.3 million, assuming $155.8 million in reversions. At the end of fiscal 2018, the closing balance is estimated to be $91.2 million, assuming $30.3 million in reversions.

Exhibit A-1.4
Operating Budget Affordability Limit
($ in Millions)

Target		
Estimated Structural Gap (December 2016)		-$377
Target Reduction		-189
Ongoing Revenues	$17,208	
Small, Minority, and Women-Owned Business Account	-16	
Other One-time Items	-1	
Subtotal		***$17,191***
One-time Spending		
Rainy Day Fund	-$10	
Pay-as-you-go Capital	-10	
Supplemental Budget No. 1 One-time Spending	-1	
Other	4	
Temporary Fund Swaps		
Hospital Deficit Assessment	$25	
Medicaid Cigarette Restitution Funds	16	
Other Temporary Fund Swaps	4	
Subtotal		***$17,238***
Amount Reduced from Structural Shortfall		**$331**
Surplus/(Deficit)		**-$47**

Source: Department of Legislative Services

Exhibit A-1.5
Final Legislative Budget Action with HB 150
Fiscal 2017-2018
($ in Millions)

	2017	2018
Opening Balance	**$384.5**	**$93.3**
Board of Revenue Estimates Revenues	$16,586.0	$17,182.6
Additional Revenues	33.4	23.7
Legislation	18.5	1.7
Transfers	202.5	0.0
Subtotal	***$16,840.4***	***$17,207.9***
Appropriations/Deficiencies	$17,308.9	$17,412.6
Supplemental Budgets	-8.7	82.5
Reductions/Contingent Reductions	-12.8	-254.9
Targeted Reversions	-125.8	0.0
Reversions	-30.0	-30.3
Subtotal	***$17,131.5***	***$17,210.1***
Closing Balance	**$93.3**	**$91.2**

Source: Department of Legislative Services

Outlook for Future Budgets

As shown in **Exhibit A-1.6**, fiscal 2018 is projected to end with a $91.2 million fund balance, which is $2.0 million less than the projected fiscal 2017 fund balance. In fiscal 2018, ongoing spending exceeds ongoing revenues by $47 million.

The structural deficit of $47 million in fiscal 2018 is an improvement from the $318 million projected structural deficit in fiscal 2017. The structural deficit grows in each following year and is projected to reach $1.5 billion in fiscal 2022. Between fiscal 2018 and 2022, ongoing revenues are projected to grow at an average annual rate of 3.5%, while ongoing spending is projected to grow at an average annual rate of 5.4%.

The forecast is impacted by legislation enacted during the 2017 session, which reduces revenues by $14 million in fiscal 2018, $21 million in fiscal 2019, $52 million in fiscal 2020, and diminishing amounts in subsequent years. Legislation increases annual spending by more than $70 million beginning in fiscal 2019. Legislation affecting revenues includes:

- ***Senate Bill 317*** ***(Ch. 149)*** establishes the More Jobs for Marylanders Program. The Act also allows any manufacturer located in the State to claim increased expensing amounts under the State income tax by conforming State law to the maximum aggregate costs of expensing allowed under Section 179 of the Internal Revenue Code (IRC) and to claim any bonus depreciation amounts provided under Section 168(k) of the IRC. In addition to establishing manufacturing tax incentives, ***Senate Bill 317*** also establishes an income tax credit for businesses that employ an eligible apprentice. General funds are projected to decrease by $500,000 in fiscal 2018 and 2019, by $25.1 million in fiscal 2020 and by $4.9 million and $2.9 million in fiscal 2021 and 2022, respectively.

- ***Senate Bill 597/House Bill 100*** ***(both passed)*** allow retirement income to qualify for the State pension exclusion if the individual is at least 55 years old and the retirement income is attributable to employment as a law enforcement officer or as fire, rescue, or emergency services personnel of the United States, the State, or a local jurisdiction. The maximum exclusion in the tax year is limited to $15,000. It is estimated that expansion of the subtraction modification will decrease State revenues by $3.7 million in fiscal 2018 and by about $4.0 million annually thereafter.

Legislation affecting expenditures includes:

- ***Senate Bill 967*/*House Bill 1329* (both passed)** takes a variety of actions to respond to the opioid crisis. General fund expenditures are projected to grow by $11.4 million in fiscal 2019, $23.6 million in fiscal 2020, $29.8 million in fiscal 2021, and $30.4 million in fiscal 2022 due to mandated increases in payment rates for community behavioral health providers in fiscal 2019 through 2021.

- ***Senate Bill 317* (Ch. 149)** establishes Workforce Development Sequence Scholarships for eligible students who are enrolled in a job skills program at a community college; requires specified vocational goals to be established for high school students; and requires State agencies to analyze and report specified information on registered apprenticeship programs. The Act also establishes budgeted tax credits against the State income tax and sales tax for manufacturers. General fund expenditures are projected to increase by $11.1 million in fiscal 2019 and by $21.1million annually thereafter.

- ***House Bill 684* (Ch. 6)** provides declining enrollment and prekindergarten supplemental grants to eligible local boards of education for fiscal 2018 through 2020. A local board is eligible for an enrollment-based supplemental grant if the county's most recent prior three-year average full-time enrollment (FTE) is greater than the FTE in the previous school year. A local board is eligible for a prekindergarten grant if the local board offers a full-day program for all four-year olds who are enrolled in public prekindergarten. General fund expenditures increase by $31.2 million in fiscal 2019, by $35.0 million in fiscal 2020, and by nearly $2.0 million in both fiscal 2021 and 2022.

Exhibit A-1.6
General Fund Budget Outlook
Fiscal 2017-2022
($ in Millions)

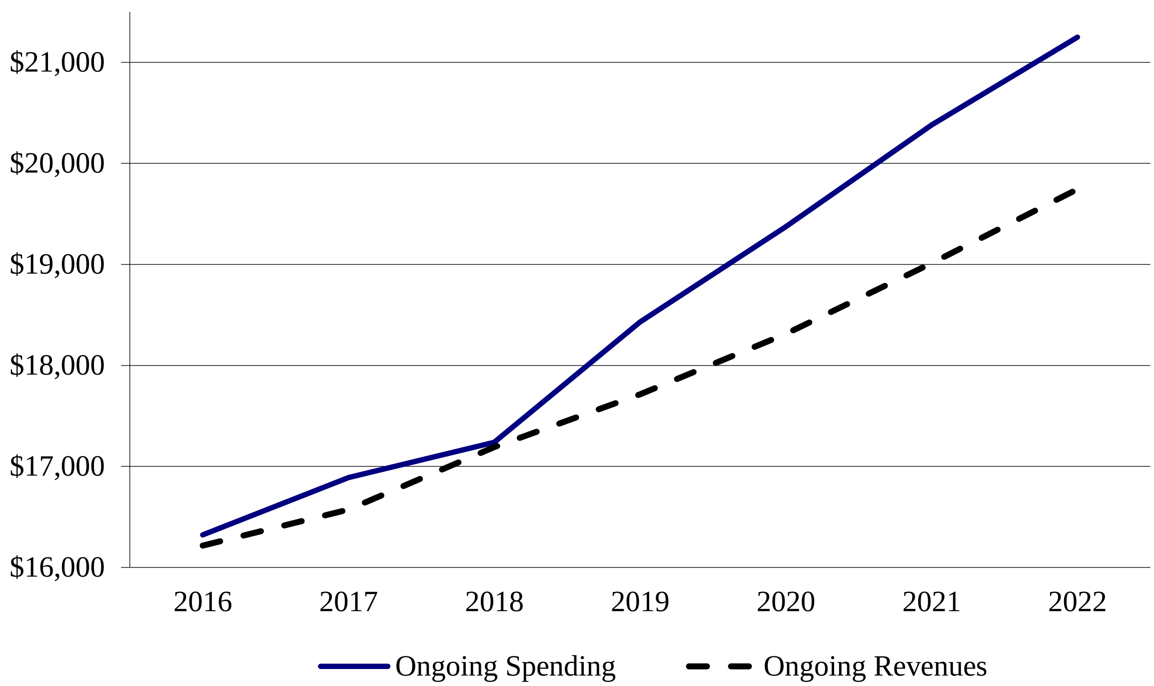
Revenues	**2017 Working**	**2018 Leg. Approp.**	**2019 Est.**	**2020 Est.**	**2021 Est.**	**2022 Est.**	**2018-22 Avg. Annual Change**
Opening Fund Balance	$385	$93	$91	$0	$0	$0	
Transfers	203	0	42	37	36	33	
One-time Revenues/Legislation	66	17	0	0	0	0	
Subtotal One-time Revenue	***$653***	***$110***	***$133***	***$37***	***$36***	***$33***	
Ongoing Revenues	$16,572	$17,205	$17,735	$18,364	$19,040	$19,767	
Revenue Adjustments and Legislation	0	-14	-21	-52	-27	-22	
Subtotal Ongoing Revenue	***$16,572***	***$17,191***	***$17,713***	***$18,312***	***$19,013***	***$19,744***	***3.5%***
Total Revenues and Fund Balance	**$17,225**	**$17,301**	**$17,847**	**$18,349**	**$19,049**	**$19,777**	**3.4%**
Ongoing Spending							
Operating Spending	$17,362	$17,897	$18,943	$19,869	$20,902	$21,781	
VLT Revenues Supporting Education[1]	-459	-522	-545	-553	-545	-553	
Ongoing (Reductions)/Additions	-13	-137	-37	-40	-50	-55	
Ongoing Spending – Legislation	0	0	67	96	72	76	
Subtotal Ongoing Spending	***$16,890***	***$17,238***	***$18,429***	***$19,372***	***$20,379***	***$21,249***	***5.4%***
One-time Spending							
PAYGO Capital	$62	$56	$108	$80	$80	$61	
One-time Reductions	-19	-118	-49	-20	-20	-20	
Legislation/One-time Adjustments/Swaps	43	-16	3	3	3	3	
Appropriation to Rainy Day Fund	155	50	91	50	83	83	
Subtotal One-time Spending	***$241***	***-$28***	***$154***	***$113***	***$146***	***$127***	
Total Spending	**$17,132**	**$17,210**	**$18,583**	**$19,485**	**$20,526**	**$21,376**	**5.6%**
Ending Balance	**$93**	**$91**	**-$736**	**-$1,136**	**-$1,477**	**-$1,599**	
Rainy Day Fund Balance	$831	$860	$886	$918	$952	$989	
Balance Over 5% of GF Revenues	2	0	0	0	0	0	
As % of GF Revenues	5.01%	5.00%	5.00%	5.00%	5.00%	5.00%	
Structural Balance	**-$318**	**-$47**	**-$716**	**-$1,060**	**-$1,366**	**-$1,504**	

[1] The Education Trust Fund is supported by revenues from video lottery terminals and table games.

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

Exhibit A-1.7 illustrates the current projections for the general fund structural balance from fiscal 2017 through 2022. Structural balance was nearly achieved in fiscal 2018, when the difference between ongoing revenues and ongoing spending was -$47 million. Over the term of the forecast, ongoing revenues outpace ongoing spending by 2 percentage points per year on average. A deficit projected at -$716 million in fiscal 2019 grows to an estimated -$1.5 billion by fiscal 2022. This is due to a combination of tepid revenue growth, fueled by a lackluster economy, and growth in mandated spending and entitlements. Action at the 2017 session negatively impacted revenues and spending by approximately $100 million per year, except for fiscal 2020 due to spikes related to ***Senate Bill 317***. Two of the larger drivers of spending growth include debt service and Medicaid. Significant challenges lie ahead, starting with the preparation of the fiscal 2019 budget. The magnitude of the projected shortfalls suggests that discussion will need to focus not only on what services are provided by the State but also the fundamental revenue structure currently in place.

Exhibit A-1.7
The General Fund Structural Deficit
Is Projected to Exceed $1.5 Billion by Fiscal 2022
Fiscal 2016-2022
($ in Millions)



Source: Department of Legislative Services

Budget Reconciliation and Financing Legislation

House Bill 152, the BRFA of 2017, implements $421.9 million in actions to the benefit of the General Fund for fiscal 2017 and 2018 (as shown in **Exhibit A-1.8**) and includes certain actions that reduce the State's structural imbalance. The provisions in the BRFA of 2017 can be categorized into six groups: use of special or other funds; general fund revenue actions; cost control measures and mandate relief; program oversight and administration; provisions affecting local government; and other provisions.

Exhibit A-1.8
Summary of Actions in the Budget Reconciliation and Financing Act of 2017
($ in Millions)

Fiscal 2017 Fund Transfers	$202.5
Fiscal 2017 Revenues	18.5
Fiscal 2017 Expenditure Reductions	2.4
Fiscal 2018 Revenues	15.7
Fiscal 2018 Expenditure Reductions	182.8
Total Budgetary Action	**$421.9**

Use of Special or Other Funds

The BRFA of 2017 contains several provisions that alter the use of special or other fund sources for State agency operations and programs. Specifically, the legislation allows the use of the Senior Prescription Drug Assistance Program and the Community Health Resources Commission Fund for mental health services for the uninsured in fiscal 2018. The legislation allows the use of GO bond funds to fulfill the mandated funding requirement for several DHCD programs (the Shelter and Transitional Housing Facilities Grant Program, the Strategic Demolition and Smart Growth Impact Fund, the Seed Community Development Anchor Institution Fund, and the Baltimore Regional Neighborhood Initiative). Similarly, the legislation allows MDE to use revenue bond proceeds and funds in the Bay Restoration Fund for Biological Nutrient Removal upgrades of wastewater treatment plants. The legislation also allows funds from the Jane E. Lawton Conservation Fund to be used by the State Agency Loan Program under the Maryland Energy Administration.

Additionally, the BRFA of 2017 specifies grants to be distributed from the Special Fund for the Preservation of Cultural Arts in Maryland: $450,000 to the Maryland Academy of Sciences, $100,000 to the Columbia 50th Birthday Celebration, Inc., $25,000 to Arts Every Day, and $25,000 to 901 Arts. The legislation also authorizes the transfer between programs under the State Board of Elections and authorizes the use of the MITDP program for operations and maintenance of the Agency Election Management System in fiscal 2018. Finally, the legislation authorizes the use of the Catastrophic Event Account to offset operating deficiencies resulting from lost federal funds and to reimburse clients of DDA for overpayments.

General Fund Revenue Actions

Several provisions in the BRFA of 2017 affect general fund revenues in fiscal 2017 and 2018. Specifically, the legislation repeals a provision that would have directed lottery proceeds to a horse racing special fund because the funds were unnecessary. Additionally, the legislation requires that a portion of the fiscal 2018 revenue from video lottery terminals (VLT) be dedicated to the General Fund to pay a portion of the costs for grants provided to specified school systems under ***House Bill 684*** ***(Ch. 6)*** of 2017. This provision also increases the share of VLT revenues dedicated to the ETF in fiscal 2019 and 2020. Additionally, the BRFA of 2017 includes provisions to transfer specific special funds to the General Fund including $2.5 million from the Maryland Correctional Enterprises Revolving Loan Fund, $170.0 million from the Revenue Stabilization Account, and $30.0 million from the USM fund balance. Finally, the legislation requires the Comptroller of Maryland to transfer $24.0 million from two legal settlements to the General Fund.

Cost Control Measures and Mandate Relief

The BRFA of 2017 includes several provisions that implement cost control and mandate relief; primarily in fiscal 2018. Specifically, the legislation lowers fiscal 2018 mandated funding for several education programs including the Teacher Induction, Retention, and Advancement Pilot Program; statewide and Anne Arundel County teacher stipends; and the Public School Opportunities Enhancement Program. Additionally, the legislation reduces the fiscal 2018 mandated funding level for local jurisdictions under the Core Public Health Services and the State Aid for Police Protection programs to the fiscal 2017 level. The legislation also allows DHMH to charge the Maryland Health Care Commission and the Health Services Cost Review Commission a higher indirect cost rate.

Related to the disparity grant, the BRFA of 2017 reduces the minimum grant amount from 67.5% to 63.75% of the disparity grant calculation provided, in fiscal 2018 only, for counties with a tax rate of at least 3.2%. The legislation also saves $50 million of general funds by repealing the mandate, for fiscal 2018 only, for an appropriation to the State Retirement and Pension System equal to one-half of the amount by which the unappropriated general fund surplus exceeded $10 million in fiscal 2016.

The BRFA of 2017 also requires funding for a specified business retention incentive to be provided under the Sunny Day program for fiscal 2019 through 2021 so that fiscal 2017 costs for the program could be reduced. The legislation also reduces the mandated funding under the Maryland Resource-Based Industry Development Corporation's Next Generation Farmland Acquisition program in fiscal 2018 and extends funding to fiscal 2019. Further, the legislation postpones the reduction to the Medicaid Deficit Assessment in fiscal 2018 but increases the reduction to the assessment in fiscal 2019 and 2020. The legislation also reduces mandated funding for the Prince George's County Regional Medical Center in fiscal 2018 but increases the mandated funding for fiscal 2019 through 2028.

Additionally, the BRFA of 2017 limits growth in fiscal 2018 rates paid to providers with rates set by the Interagency Rates Committee to no more than 2% over the rates in effect in fiscal 2017. The legislation also reduces the mandated fiscal 2018 funding to the Revenue Stabilization Account by $40 million. Finally, the BRFA of 2017 reduces the fiscal 2017 general fund appropriation of two agencies: under DDA for unexecuted utilization review contracts and under DGS because special funds are available from eMaryland Marketplace fees.

Program Oversight and Administration

The BRFA of 2017 includes a number of provisions that affect program oversight and administration. First, the legislation clarifies an existing mandate related to the Maryland State Arts Council by specifying that $1 million from the revenue from the admissions and amusement tax on certain electronic bingo machines be allocated to the Maryland State Arts Council and that revenue be included in the calculation of the mandated increase in general funds. Additionally, the legislation expands legislative review of any programmatic change that results in a federal block grant by broadening the definition of block grant. Similarly, the legislation extends legislative review, for two years, to program changes that would make it harder to qualify for benefits, expand beneficiary cost sharing, or impose limitations on benefits in relation to Medicaid and SNAP. The legislation also establishes a triennial review cycle and annual reporting requirement related to certain interagency agreements. Additionally, it requires the Department of Budget and Management to publish personnel and agency performance data online, in addition to the annual printed budget books.

Related to MDOT, the BRFA of 2017 prohibits, for years beyond the budget request year, the inclusion of transportation grants to local governments in the *Consolidated Transportation Program* and the withholding or reserving of funds in the Transportation Trust Fund forecast for grants to local governments for roads and highways. Additionally, the legislation instructs the Secretary of Transportation, in coordination with Montgomery and Prince George's counties' transportation departments, to engage with their counterparts in Virginia and Washington, DC to revisit the Washington Metropolitan Area Transit Authority (WMATA) compact to ensure the viability of WMATA.

The BRFA of 2017 also establishes the Comptroller of Maryland as the administering agency for the Maryland Emergency Medical System Operations Fund. Finally, the legislation requires DHR to use savings in the TCA program in fiscal 2017 to reduce the Temporary Assistance for Needy Families deficit.

Provisions Affecting Local Government

The BRFA of 2017 includes a provision that allocates a portion of the admissions and amusement tax revenue accruing to the Special Fund for the Preservation of Cultural Arts to a grant for the Arts Council of Anne Arundel County beginning in fiscal 2019. Related to

Baltimore City Public Schools (BCPS), the legislation requires $4.6 million in excess Baltimore City contributions to the Baltimore City Public School Construction Financing Fund to be credited to BCPS to provide a portion of its required contribution in fiscal 2018 instead of the Comptroller intercepting State education aid and expresses the intent that this provision would only apply in fiscal 2018. The legislation requires a quarterly report on the Baltimore City Public School System structural deficit in fiscal 2018, 2019, and 2020. Finally, the legislation authorizes, for fiscal 2018 only, Baltimore City to use its HUR to pay for students to ride MTA buses and prohibits MTA from charging Baltimore City more than a specified amount for this service.

Other Provisions

The BRFA of 2017 includes several other provisions, including one that requires Senatorial scholarship funding to grow in the same manner as Delegate scholarship funding reflecting growth in tuition and fees at public four-year institutions starting in fiscal 2020. Further, the legislation includes a provision that clarifies that the requirement to budget 100% of the Maryland Park Service's own-sourced revenues is based on the actual revenues from two fiscal years preceding the proposed fiscal year. Finally, it withdraws a fiscal 2017 special fund appropriation of $187,500 under DHCD and returns the funds to the SMWOBA within Commerce.

Selected Budgetary Initiatives and Enhancements

Heroin/Opioid Addiction

The fiscal 2018 allowance, as introduced, contained approximately $13.5 million in funding for programs specifically tied to the heroin and opioid crisis. The majority of this funding is carryover from prior years and is based on the recommendations of the Governor's Heroin and Opioid Emergency Task Force. New funding appropriated this session, included (1) a $2.0 million deficiency appropriation, which is also included in fiscal 2018, to fund residential treatment services for court-ordered individuals ($1.5 million) and the Opioid Operational Command Center ($0.5 million); and (2) $1.9 million in new special and federal funding for the Prescription Drug Monitoring Program. The General Assembly added language to the budget bill restricting an additional $750,000 for a pilot study regarding management of opioid-related pain medication.

Supplemental Budget No. 2 included another $10.0 million in general funds for additional programming to combat the heroin and opioid epidemic, in response to the Governor's declaration of a State of Emergency on March 1, 2017. Language included in the supplemental item provided specific purposes for which the funding may be used, authorized the Governor's Inter-Agency Heroin and Opioid Coordinating Council to distribute the funding, and required the council to report to the General Assembly on a quarterly basis on how the funds have been used. The General Assembly added additional language that restricted the funding decisions based on the provisions of either ***House Bill 1329***/***Senate Bill 967*** ***(both passed)*** and required DHMH to distribute the funds, contingent upon the enactment of those bills. For a more detailed discussion of this issue, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

K-12 Education Enhancements

On March 27, 2017, Governor Hogan provided a supplemental budget that included $28.2 million in education aid to provide grants to certain LEAs, all of which was contingent on the enactment of ***House Bill 684***. As directed under the bill, this funding is provided in two parts: (1) enrollment based supplemental grants and (2) prekindergarten supplemental grants.

An LEA is eligible for an enrollment based supplemental grant if it has declining enrollment, as determined by the LEA's most recent prior three-year moving average FTE exceeding its FTE in the previous school year. In fiscal 2018, the eligible LEAs include Baltimore City and Allegany, Calvert, Carroll, Cecil, Garrett, Harford, Kent, Queen Anne's, and Talbot counties. The supplemental budget provides $17.2 million for these grants.

An LEA is eligible for a prekindergarten supplemental grant based on it offering a full-day public prekindergarten program for all four-year olds whose parents enroll them. In fiscal 2018, the eligible LEAs include Baltimore City and Garrett, Kent, and Somerset counties. The supplemental budget includes $10.9 million for these grants.

Of the funding provided under these two supplemental grants, $23.7 million is being provided to Baltimore City. This supplemental appropriation will assist Baltimore City in addressing its fiscal 2018 budget gap. For a more detailed discussion of this issue, see the subpart "State Aid" within Part L – Education of this *90 Day Report*.

State Reserve Fund

The Rainy Day Fund, Dedicated Purpose Account, and Catastrophic Event Account are projected to have a combined balance of $867.4 million at the end of fiscal 2018. **Exhibit A-1.9** shows that the fiscal 2018 budget includes a net appropriation of $10.0 million into the Rainy Day Fund. Section 7-311 of the State Finance and Procurement Article requires that the Governor provide a minimum of $50.0 million if the Rainy Day Fund Appropriation's end-of-year fund balance is less than 7.5% of projected general fund revenues. Section 6 of the BRFA of 2017 includes a $40.0 million contingent reduction to this appropriation. The remaining $10.0 million and the projected $17.7 million in interest earnings is sufficient to maintain a Rainy Day Fund balance that is equal to 5.0% of estimated general fund revenues.

Exhibit A-1.9
State Reserve Fund Activity
Fiscal 2017-2018
($ in Millions)

	Rainy Day Fund	Dedicated Purpose Account	Catastrophic Event Account
Estimated Balances June 30, 2016	**$832.4**	**$1.8**	**$9.6**
Fiscal 2017 Appropriation	235.3		
Transfer to the General Fund	-170.0		
Planned Reversion[1]	-80.0		
Information Technology Upgrades		-1.8	
Ellicott City Flood Relief Assistance			-2.5
Interest	14.8		
Estimated Balances June 30, 2017	**$832.6**	**$0.0**	**$7.1**
Fiscal 2018 Appropriation	10.0		
Information Technology Upgrades			
Estimated Interest	17.7		
Estimated Balances June 30, 2018	**$860.3**	**$0.0**	**$7.1**
Percent of Revenues in Reserve	**5.0%**		

[1] The fiscal 2017 budget bill restricted approximately $80.0 million from within the Rainy Day Fund appropriation to fund other projects and programs. With the Administration's decision to not release those funds for the identified purposes, the restricted funds will revert to the General Fund at the close of fiscal 2017.

Source: Department of Budget and Management

Section 5 of the BRFA of 2017 transfers $170.0 million from the Rainy Day Fund to the General Fund. Remaining funds and estimated fiscal 2017 interest earnings, which total $14.8 million, are sufficient to provide an end-of-year fund balance that is equal to 5% of estimated general fund revenues.

Section 25 of the BRFA of 2017 authorizes the Governor to transfer specified funds from the Catastrophic Event Account for the following specified purposes:

- to reimburse clients of DDA for excess contributions to care payments made from January 2013 through June 2014, as identified in the Office of Legislative Audits' November 2016 audit of DDA;

- Maryland local public safety agencies whose federal funds have been reduced for refusing to participate in the enforcement of federal immigration laws;

- Maryland Public Television, if the entity's federal funds are reduced or eliminated; and

- the Home Delivered Meals Program supported by MDOA, if federal funds that support the program are reduced or eliminated.

As the exhibit shows, the Catastrophic Event Account's projected end-of-fiscal 2018 fund balance is $7.1 million. The estimate does not assume any transfers out of the account. At this point it is unclear if there will be transfers or how much those transfers might be. The Section does not require that the Governor provide funds if the conditions are met. Consequently, this could have no effect if the conditions for transferring the funds are not met or the Governor chooses not to transfer funds.

Legislation Affecting the Reserve Fund

There are two bills that affect the Rainy Day Fund. Beginning in fiscal 2021, ***House Bill 28 (passed)*** requires that one-quarter of the unappropriated general fund surplus above $10.0 million be appropriated to the Postretirement Health Benefits Trust Fund and another quarter be appropriated to the State pension fund. Each of these appropriations is capped at $25.0 million. Any remaining unappropriated general funds above those distributions are appropriated to the Rainy Day Fund.

At the end of fiscal 2020, ***House Bill 503*** ***(Ch. 4)*** requires that the Rainy Day Fund receive a share of nonwithholding general funds above a cap that is based on the 10-year average nonwithholding revenues' share of total general funds. In years in which there are funds above the cap, excess funds are first used to offset any general fund revenue shortfall, if there is one. If there is no shortfall, the Comptroller is required to credit excess funds to the Rainy Day Fund if that fund's balance is less than 6% of estimated general fund revenues. Once the Rainy Day Fund balance reaches 6% of estimated general fund revenues, 50% of any excess funds are credited to the Rainy Day Fund (until the balance equals at least 10% of estimated general fund revenues), and the other 50% is credited to a newly created Fiscal Responsibility Fund, which the Governor must use to provide PAYGO appropriations for public school, community college, and four-year higher education projects.

Personnel

In fiscal 2018, employee costs decrease by $86.2 million, or 1.0%, to $8.3 billion. Employee costs are 18.3% of the State budget. The largest decreases in personnel include an across-the-board reduction to pension sweeper funding ($55.8 million); health insurance ($23.9 million); and 400 abolished vacant positions associated with the downsizing of the Maryland Correctional Institution – Hagerstown (MCI-H) ($16.9 million).

Employee Compensation

The fiscal 2018 budget did not provide funding for employee increments or a general salary increase for most employees. Increments are merit increases in which employees with satisfactory evaluations receive a one-step salary increase. Per a collective bargaining agreement with SLEOLA, a total of $3.5 million was provided to provide increments to sworn officers who missed increments from fiscal 2010 to 2013.

Pension Funding

Retirement contributions increase by $9.4 million in fiscal 2018, but an across-the-board reduction to pension sweeper funding established by Section 19 of the fiscal 2018 budget bill reduced contributions by $55.8 million ($50.0 million in general funds). The pension sweeper funding is a supplemental contribution required through fiscal 2020, based on a portion of the unassigned surplus at closeout. The approved budget fully funds the State's actuarially required contribution and provides $75.0 million of supplemental contributions.

Employee and Retiree Health Insurance

The Employee and Retiree Health Insurance Account closed with high fund balances in fiscal 2013 and 2014 due to plan changes that resulted in savings. Payroll holidays lowered contributions into the fund in fiscal 2014 and 2015 to utilize the fund balance, but fiscal 2015 closed with a deficit, primarily due to rising prescription drug costs. Contributions increased in fiscal 2016 to address the deficit. The inclusion of an additional pay period, as a result of the timing of pay periods, and $44 million of unspent agency funds budgeted for health insurance being swept into the account at the close of the fiscal year resulted in a surplus of funding in fiscal 2016; agency funding was unspent due to higher than expected vacancies. Favorable trends in pharmacy rebates has contributed increasing revenue since fiscal 2015, with pharmacy rebates expecting to contribute over $150 million in fiscal 2017 and 2018 to the health insurance account.

As a result of increased contributions, unspent agency funding, and rebates, the Administration predicts a positive fund balance of $20.0 million in fiscal 2018 after deducting unpaid liabilities. Due to the surplus in fiscal 2016, required contribution growth in fiscal 2018 is only $9.1 million, or 0.6%.

Workforce Changes

In fiscal 2018, the State workforce decreases by 447 positions to 80,119, as shown in **Exhibit A-1.10**. The most significant reduction is 400 vacant positions in DPSCS due to the downsizing of MCI-H, as proposed by the Administration. Legislative action on the budget abolished 4 positions, including 3 positions in MDOA, and 1 position in the UEF.

Exhibit A-1.10
Regular Full-time Equivalent Positions
Fiscal 2017-2018

Department/Service Area	2017 Working Approp.	2018 Allowance	Legis. Reductions	2018 Legis. Approp.
Health and Human Services				
Health and Mental Hygiene	6,181	6,181	0	6,181
Human Resources	6,224	6,224	0	6,224
Juvenile Services	1,998	1,978	0	1,978
Subtotal	***14,403***	***14,383***	***0***	***14,383***
Public Safety				
Public Safety and Correctional Services	10,954	10,554	0	10,554
Police and Fire Marshal	2,436	2,436	0	2,436
Subtotal	***13,390***	***12,990***	***0***	***12,990***
Transportation	**9,108**	**9,058**	**0**	**9,058**
Other Executive				
Legal (Excluding Judiciary)	1,475	1,475	-1	1,474
Executive and Administrative Control	1,564	1,563	-3	1,560
Financial and Revenue Administration	2,102	2,099	0	2,099
Budget and Management and DoIT	584	584	0	584
Retirement	210	210	0	210
General Services	581	581	0	581
Natural Resources	1,315	1,333	0	1,333
Agriculture	356	355	0	355
Labor, Licensing, and Regulation	1,513	1,492	0	1,492
MSDE and Other Education	1,940	1,940	0	1,940
Housing and Community Development	325	325	0	325
Commerce	193	193	0	193
Environment	894	894	0	894
Subtotal	***13,051***	***13,043***	***-4***	***13,039***
Executive Branch Subtotal	***49,951***	***49,473***	***-4***	***49,469***
Higher Education	**25,914**	**25,911**	**0**	**25,911**
Judiciary	**3,951**	**3,989**	**0**	**3,989**
Legislature	**749**	**749**	**0**	**749**
Grand Total	**80,565**	**80,123**	**-4**	**80,119**

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

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 two supplemental budgets, legislative reductions, and final appropriations for fiscal 2017 and 2018 by fund source. The Governor's original request provided for $43.8 billion in fiscal 2018 expenditures and $1.0 billion in fiscal 2017 deficiencies.

The Governor added $36.3 million in fiscal 2017 spending in a supplemental budget. Net of legislative reductions of $21.6 million, the fiscal 2017 appropriation, is $43.1 billion. The fiscal 2018 budget was increased by $58.0 million through two supplemental budgets offset by net legislative reductions totaling $281.9 million. This resulted in a final appropriation of $43.6 billion.

Exhibit A-1.12 lists $7.2 million in general and special fund appropriations that represent additional restrictions throughout the budget to be used only 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 canceled. Canceled special funds will be credited to Program Open Space (POS).

Exhibit A-1.13 illustrates budget changes by major expenditure category by fund. Total spending increases by $498.8 billion, or 1.2%. Debt service grows by $75.2 million, or 5.0%, based on the issuance of GO and transportation debt. Aid to local government increases by $171.5 million, or 2.0%, largely due to formula-based education aid. Lesser increases are also found in county transportation grants, POS spending, and gaming impact grants. Entitlement spending grows by $189.7 million, or 1.5%, driven by Medicaid enrollment, utilization, and provider rate increases as well as fee-for-service community behavioral health expenditures. State agency spending increases by $262.3 million, or 1.5%, largely due to growth in higher education spending and increased transportation spending for transit operating expenses. PAYGO capital expenditures decrease by -$54.5 million, or -1.8%, due mostly to less general funds provided for this purpose.

Exhibit A-1.11

Fiscal Note – Summary of the Fiscal 2018 Budget Bill – House Bill 150

	General Funds	Special Funds	Federal Funds	Education Funds	Total Funds
Governor's Allowance					
Fiscal 2017 Budget	$17,153,079,306	$8,755,242,228	$12,875,570,384	$4,290,391,574	$43,074,283,492 [1]
Fiscal 2018 Budget	17,382,637,677	9,078,690,271	12,979,328,363	4,371,344,992	43,812,001,303 [2]
Supplemental Budgets					
Fiscal 2017 Deficiencies	-$8,738,039	$42,446,190	$2,617,666	$0	$36,325,817
Fiscal 2018 Budget	82,532,721	-24,760,102	232,925	0	58,005,544
Subtotal	***$73,794,682***	***$17,686,088***	***$2,850,591***	***$0***	***$94,331,361***
Budget Reconciliation and Financing Act of 2017					
Fiscal 2017 Deficiencies	-$2,428,000	$780,500	-$1,040,000	$0	-$2,687,500
Fiscal 2018 Budget	-182,788,083	22,395,541	-2,078,909	0	-162,471,451
Total Reductions	**-$185,216,083**	**$23,176,041**	**-$3,118,909**	**$0**	**-$165,158,951**
Legislative Reductions					
Fiscal 2017 Deficiencies	-$10,380,000	-$8,500,000	$0	$0	-$18,880,000
Fiscal 2018 Budget	-72,064,201	-45,809,640	-1,573,044	0	-119,446,885
Total Reductions	**-$82,444,201**	**-$54,309,640**	**-$1,573,044**	**$0**	**-$138,326,885**
Appropriations					
Fiscal 2017 Budget	$17,131,533,267	$8,789,968,918 [3]	$12,877,148,050	$4,290,391,574	$43,089,041,809
Fiscal 2018 Budget	17,210,068,114 [4]	9,030,516,070 [3]	12,975,909,335	4,371,344,992	43,587,838,511
Change	**$78,534,847**	**$240,547,152**	**$98,761,285**	**$80,953,418**	**$498,796,702**

[1] $1.048 million in proposed deficiencies, including $155.6 million in general funds, $73.9 million in special funds, $814.8 million in federal funds, and $4.1 million in current unrestricted funds. Reversion assumptions total $155.8 million in general funds, including $30.0 million in unspecified reversions and $125.8 million in targeted reversions.

[2] Reversion assumptions total $30.0 million in unspecified general fund reversions. Across-the-board reductions total $16.9 million reflecting a reduction in the Department of Public Safety and Correctional Services.

[3] Fiscal 2017 appropriations assume $2.5 million in special funds to backfill general fund reductions. Fiscal 2018 appropriations assume $30.4 million in special funds to backfill general fund reductions.

[4] Reflects a targeted reversion of $0.3 million.

Exhibit A-1.12
Additional Legislative Budget Priorities
Fiscal 2018
($ in Millions)

	General Funds	Special Funds
DHR: TDAP Monthly Benefit Increase	$2,000,000	
Judiciary: Indigency Determination	1,500,000	
DNR: Purchase La Grange Property		$980,000
DoIT: Public Broadcasting Video Streaming	500,000	
BCCC: Shady Grove New Academic Programming	450,000	
DHMH: PACT Helping Children Program	400,000	
DHMH: Medicaid Provider Reimbursements	375,000	
MSDE: Bard High School Early College Baltimore	300,000	
MHEC: Educational Excellence Awards	282,135	
MSDE: Maryland Education Development Collaborative	250,000	
BCCC: USM Hagerstown New Academic Programming	150,000	
Total	**$6,207,135**	**$980,000**

BCCC: Baltimore City Community College
DoIT: Department of Information Technology
DNR: Department of Natural Resource
DHMH: Department of Health and Mental Hygiene
DHR: Department of Human Resources
MHEC: Maryland Higher Education Commission
MSDE: Maryland State Department of Education
TDAP: Temporary Disability Assistance Program
USM: University System of Maryland

Source: Department of Legislative Services

Exhibit A-1.13
State Expenditures – General Funds
Fiscal 2016-2018
($ in Millions)

Category	2016 Actual	2017 Working Approp.	2018 Legislative Approp.	2017-2018 $ Change	2017-2018 % Change
Debt Service	$252.4	$259.4	$259.6	$0.3	0.1%
County/Municipal	$252.1	$262.5	$271.6	$9.1	3.5%
Community Colleges	301.8	314.3	317.7	3.4	1.1%
Education/Libraries	5,833.5	5,924.7	5,936.1	11.4	0.2%
Health	45.8	49.5	51.1	1.6	3.2%
Aid to Local Governments	***$6,433.2***	***$6,551.1***	***$6,576.5***	***$25.5***	***0.4%***
Foster Care Payments	$183.7	$177.8	$184.5	$6.7	3.7%
Assistance Payments	56.7	64.5	63.3	-1.2	-1.8%
Medical Assistance	2,631.9	2,995.7	3,167.9	172.2	5.7%
Property Tax Credits	78.1	82.3	87.5	5.2	6.3%
Entitlements	***$2,950.4***	***$3,320.3***	***$3,503.1***	***$182.8***	***5.5%***
Health	$1,310.7	$1,369.2	$1,428.8	$59.6	4.4%
Human Resources	371.9	406.6	383.4	-23.3	-5.7%
Children's Cabinet Interagency Fund	22.5	16.6	18.6	2.0	11.7%
Juvenile Services	269.8	272.4	272.9	0.5	0.2%
Public Safety/Police	1,454.8	1,522.0	1,506.4	-15.6	-1.0%
Higher Education	1,345.7	1,422.2	1,448.5	26.3	1.9%
Other Education	407.6	417.5	438.9	21.3	5.1%
Agriculture/Natural Res./Environment	114.7	119.8	122.5	2.7	2.3%
Other Executive Agencies	671.2	696.0	680.7	-15.3	-2.2%
Judiciary	450.7	481.7	490.4	8.7	1.8%
Legislative	84.5	89.2	90.3	1.1	1.3%
State Agencies	***$6,504.2***	***$6,813.1***	***$6,881.2***	***$68.1***	***1.0%***
Total Operating	**$16,140.2**	**$16,943.9**	**$17,220.6**	***$276.7***	***1.6%***
Capital[(1)]	$26.5	$62.3	$9.5	-$52.8	-84.7%
Subtotal	***$16,166.7***	***$17,006.2***	***$17,230.1***	***$223.9***	***1.3%***
Reserve Funds	$72.5	$155.4	$10.0	-$145.4	-93.6%
Appropriations	**$16,239.2**	**$17,161.5**	**$17,240.1**	**$78.5**	***0.5%***
Reversions	$0.0	-$30.0	-$30.0	$0.0	0.0%
Grand Total	**$16,239.2**	**$17,131.5**	**$17,210.1**	**$78.5**	***0.5%***

(1) Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2017 working appropriation includes $146.9 million in deficiencies and supplemental deficiencies, $125.8 million in targeted reversions, and legislative cuts to the deficiencies including $2.4 million that is contingent on ***House Bill 152***, the Budget Reconciliation and Financing Act (BRFA) of 2017. The fiscal 2018 legislative appropriation includes $182.8 million in reductions contingent on the BRFA of 2017.

Exhibit A-1.13 (Continued)
State Expenditures – Special and Higher Education Funds*
Fiscal 2016-2018
($ in Millions)

Category	2016 Actual	2017 Working Approp.	2018 Legislative Approp.	2017-2018 $ Change	2017-2018 % Change
Debt Service	$1,116.4	$1,229.7	$1,304.6	$74.9	6.1%
County/Municipal	$289.1	$342.4	$399.5	$57.1	16.7%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	382.4	474.6	522.1	47.5	10.0%
Health	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	***$671.5***	***$817.0***	***$921.6***	***$104.6***	***12.8%***
Foster Care Payments	$4.3	$2.2	$4.3	$2.1	94.1%
Assistance Payments	11.3	13.3	12.5	-0.8	-6.2%
Medical Assistance	1,001.9	974.7	995.3	20.6	2.1%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	***$1,017.5***	***$990.2***	***$1,012.1***	***$21.9***	***2.2%***
Health	$394.7	$518.1	$467.2	-$51.0	-9.8%
Human Resources	100.9	98.1	93.5	-4.5	-4.6%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	3.3	3.9	3.2	-0.6	-16.2%
Public Safety/Police	216.8	224.8	221.6	-3.2	-1.4%
Higher Education	4,138.3	4,360.6	4,442.9	82.2	1.9%
Other Education	56.8	70.0	69.9	0.0	0.0%
Transportation	1,821.8	1,837.4	1,907.7	70.3	3.8%
Agriculture/Natural Res./Environment	241.1	281.8	291.9	10.1	3.6%
Other Executive Agencies	596.6	711.2	688.6	-22.6	-3.2%
Judiciary	50.9	59.3	66.3	7.0	11.9%
Legislative	0.0	0.0	0.0	0.0	n/a
State Agencies	***$7,621.3***	***$8,165.1***	***$8,252.8***	***$87.7***	***1.1%***
Total Operating	**$10,426.7**	**$11,202.0**	**$11,491.2**	**$289.2**	**2.6%**
Capital	$1,688.4	$1,878.4	$1,910.7	$32.3	1.7%
Transportation	1,446.9	1,554.5	1,575.1	20.5	1.3%
Environment	183.3	210.1	187.1	-23.0	-10.9%
Other	58.2	113.8	148.5	34.8	30.5%
Grand Total	**$12,115.1**	**$13,080.4**	**$13,401.9**	**$321.5**	**2.5%**

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

Note: The fiscal 2017 working appropriation reflects deficiencies and supplemental deficiencies of $116.3 million, legislative reductions to the deficiencies including $0.2 million contingent on ***House Bill 152***, the BRFA of 2017, and $2.5 million in additional special fund spending due to funding swaps. The fiscal 2018 legislative appropriation reflects $6.7 million in reductions contingent on the BRFA of 2017 and $30.4 million in additional special fund spending due to funding swaps.

Exhibit A-1.13 (Continued)
State Expenditures – Federal Funds
Fiscal 2016-2018
($ in Millions)

Category	2016 Actual	2017 Working Approp.	2018 Legislative Approp.	2017-2018 $ Change	2017-2018 % Change
Debt Service	$11.5	$11.5	$11.5	$0.0	0.0%
County/Municipal	$39.5	$87.5	$72.4	-15.1	-17.3%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	828.1	936.8	993.3	56.5	6.0%
Health	4.5	4.5	4.5	0.0	0.0%
Aid to Local Governments	***$872.1***	***$1,028.7***	***$1,070.1***	***$41.4***	***4.0%***
Foster Care Payments	$79.6	$82.3	$73.8	-$8.4	-10.3%
Assistance Payments	1,220.0	1,255.6	1,196.4	-59.2	-4.7%
Medical Assistance	5,933.1	6,866.6	6,919.1	52.6	0.8%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	***$7,232.7***	***$8,204.4***	***$8,189.3***	***-$15.1***	***-0.2%***
Health	$865.4	$975.7	$989.1	$13.5	1.4%
Human Resources	473.9	481.9	557.0	75.1	15.6%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	5.4	4.8	4.8	0.0	-0.3%
Public Safety/Police	32.8	43.0	37.3	-5.7	-13.3%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	223.1	254.2	275.1	20.9	8.2%
Transportation	87.3	98.7	97.5	-1.2	-1.2%
Agriculture/Natural Res./Environment	62.3	69.1	66.1	-3.0	-4.4%
Other Executive Agencies	545.3	614.4	622.4	8.0	1.3%
Judiciary	0.7	1.1	0.1	-1.0	-94.8%
State Agencies	***$2,296.3***	***$2,543.0***	***$2,649.4***	***$106.4***	***4.2%***
Total Operating	**$10,412.6**	**$11,787.7**	**$11,920.4**	**$132.7**	**1.1%**
Capital	$811.1	$1,089.5	$1,055.5	-$34.0	-3.1%
Transportation	683.2	1,016.3	949.6	-66.7	-6.6%
Environment	44.9	44.3	42.6	-1.7	-3.8%
Other	83.0	28.9	63.3	34.4	119.3%
Grand Total	**$11,223.8**	**$12,877.1**	**$12,975.9**	**$98.8**	**0.8%**

Note: The fiscal 2017 working appropriation includes $817.5 million in deficiencies and supplemental deficiencies and legislative reductions to the deficiencies including $1.0 million contingent on ***House Bill 152***, the BRFA of 2017. The fiscal 2018 legislative appropriation includes $2.1 million in reductions contingent on the BRFA of 2017.

Exhibit A-1.13 (Continued)
State Expenditures – State Funds
Fiscal 2016-2018
($ in Millions)

Category	2016 Actual	2017 Working Approp.	2018 Legislative Approp.	2017-2018 $ Change	2017-2018 % Change
Debt Service	$1,368.8	$1,489.1	$1,564.3	$75.2	5.0%
County/Municipal	$541.1	$604.9	$671.1	$66.2	10.9%
Community Colleges	301.8	314.3	317.7	3.4	1.1%
Education/Libraries	6,215.9	6,399.3	6,458.2	58.9	0.9%
Health	45.8	49.5	51.1	1.6	3.2%
Aid to Local Governments	***$7,104.7***	***$7,368.0***	***$7,498.2***	***$130.1***	***1.8%***
Foster Care Payments	$188.0	$180.0	$188.8	$8.8	4.9%
Assistance Payments	68.0	77.8	75.8	-2.0	-2.6%
Medical Assistance	3,633.8	3,970.4	4,163.2	192.8	4.9%
Property Tax Credits	78.1	82.3	87.5	5.2	6.3%
Entitlements	***$3,967.9***	***$4,310.5***	***$4,515.3***	***$204.7***	***4.7%***
Health	$1,705.4	$1,887.3	$1,895.9	$8.6	0.5%
Human Resources	472.9	504.7	476.9	-27.8	-5.5%
Children's Cabinet Interagency Fund	22.5	16.6	18.6	2.0	11.7%
Juvenile Services	273.1	276.2	276.1	-0.1	0.0%
Public Safety/Police	1,671.6	1,746.7	1,728.0	-18.7	-1.1%
Higher Education	5,483.9	5,782.8	5,891.3	108.6	1.9%
Other Education	464.4	487.5	508.8	21.3	4.4%
Transportation	1,821.8	1,837.4	1,907.7	70.3	3.8%
Agriculture/Natural Res./Environment	355.9	401.6	414.4	12.8	3.2%
Other Executive Agencies	1,267.8	1,407.2	1,369.4	-37.8	-2.7%
Judiciary	501.6	541.0	556.7	15.7	2.9%
Legislative	84.5	89.2	90.3	1.1	1.3%
State Agencies	***$14,125.4***	***$14,978.2***	***$15,134.1***	***$155.9***	***1.0%***
Total Operating	**$26,566.9**	**$28,145.9**	**$28,711.8**	**$565.9**	**2.0%**
Capital [(1)]	$1,714.9	$1,940.7	$1,920.2	-$20.5	-1.1%
Transportation	1,446.9	1,554.5	1,575.1	20.5	1.3%
Environment	183.7	210.3	187.6	-22.7	-10.8%
Other	84.3	175.8	157.5	-18.3	-10.4%
Subtotal	***$28,281.8***	***$30,086.5***	***$30,631.9***	***$545.4***	***1.8%***
Reserve Funds	$72.5	$155.4	$10.0	-$145.4	-93.6%
Appropriations	**$28,354.3**	**$30,241.9**	**$30,641.9**	**$400.0**	**1.3%**
Reversions	$0.0	-$30.0	-$30.0	$0.0	0.0%
Grand Total	**$28,354.3**	**$30,211.9**	**$30,611.9**	**$400.0**	**1.3%**

[(1)] Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2017 working appropriation reflects deficiencies and supplemental deficiencies of $263.2 million, $125.8 million in targeted reversions, legislative reductions to the deficiencies including $2.6 million contingent on ***House Bill 152***, the BRFA of 2017, and $2.5 million in additional special fund spending due to funding swaps. The fiscal 2018 legislative appropriation reflects $189.5 million in reductions contingent on the BRFA of 2017 and $30.4 million in additional special fund spending due to funding swaps.

Exhibit A-1.13 (Continued)
State Expenditures – All Funds
Fiscal 2016-2018
($ in Millions)

Category	2016 Actual	2017 Working Approp.	2018 Legislative Approp.	2017-2018 $ Change	2017-2018 % Change
Debt Service	$1,380.3	$1,500.6	$1,575.8	$75.2	5.0%
County/Municipal	$580.7	$692.3	$743.5	$51.1	7.4%
Community Colleges	301.8	314.3	317.7	3.4	1.1%
Education/Libraries	7,044.0	7,336.1	7,451.5	115.4	1.6%
Health	50.3	54.0	55.6	1.6	3.0%
Aid to Local Governments	***$7,976.9***	***$8,396.7***	***$8,568.3***	***$171.5***	***2.0%***
Foster Care Payments	$267.6	$262.3	$262.6	$0.3	0.1%
Assistance Payments	1,288.0	1,333.4	1,272.2	-61.2	-4.6%
Medical Assistance	9,566.9	10,836.9	11,082.3	245.4	2.3%
Property Tax Credits	78.1	82.3	87.5	5.2	6.3%
Entitlements	***$11,200.6***	***$12,514.9***	***$12,704.6***	***$189.7***	***1.5%***
Health	$2,570.9	$2,863.0	$2,885.1	$22.1	0.8%
Human Resources	946.8	986.6	1,033.9	47.3	4.8%
Children’s Cabinet Interagency Fund	22.5	16.6	18.6	2.0	11.7%
Juvenile Services	278.4	281.1	281.0	-0.1	0.0%
Public Safety/Police	1,704.4	1,789.8	1,765.3	-24.4	-1.4%
Higher Education	5,483.9	5,782.8	5,891.3	108.6	1.9%
Other Education	687.5	741.7	783.9	42.1	5.7%
Transportation	1,909.1	1,936.1	2,005.2	69.1	3.6%
Agriculture/Natural Res./Environment	418.2	470.7	480.5	9.7	2.1%
Other Executive Agencies	1,813.1	2,021.6	1,991.8	-29.8	-1.5%
Judiciary	502.3	542.1	556.7	14.6	2.7%
Legislative	84.5	89.2	90.3	1.1	1.3%
State Agencies	***$16,421.7***	***$17,521.2***	***$17,783.5***	***$262.3***	***1.5%***
Total Operating	**$36,979.5**	**$39,933.5**	**$40,632.2**	**$698.6**	**1.7%**
Capital (1)	$2,526.0	$3,030.1	$2,975.7	-$54.5	-1.8%
Transportation	2,130.2	2,570.8	2,524.6	-46.3	-1.8%
Environment	228.5	254.6	230.2	-24.4	-9.6%
Other	167.3	204.7	220.9	16.2	7.9%
Subtotal	***$39,505.6***	***$42,963.7***	***$43,607.8***	***$644.2***	***1.5%***
Reserve Funds	$72.5	$155.4	$10.0	-$145.4	-93.6%
Appropriations	**$39,578.1**	**$43,119.0**	**$43,617.8**	**$498.8**	**1.2%**
Reversions	$0.0	-$30.0	-$30.0	$0.0	0.0%
Grand Total	**$39,578.1**	**$43,089.0**	**$43,587.8**	**$498.8**	**1.2%**

(1) Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2017 working appropriation reflects deficiencies and supplemental deficiencies of $1,080.7 million, $125.8 million in targeted reversions, legislative reductions to the deficiencies including $3.7 million contingent on ***House Bill 152***, the BRFA of 2017, and $2.5 million in additional special fund spending due to funding swaps. The fiscal 2018 legislative appropriation reflects $191.6 million in reductions contingent on the BRFA of 2017 and $30.4 million in additional special fund spending due to funding swaps.

Capital Budget

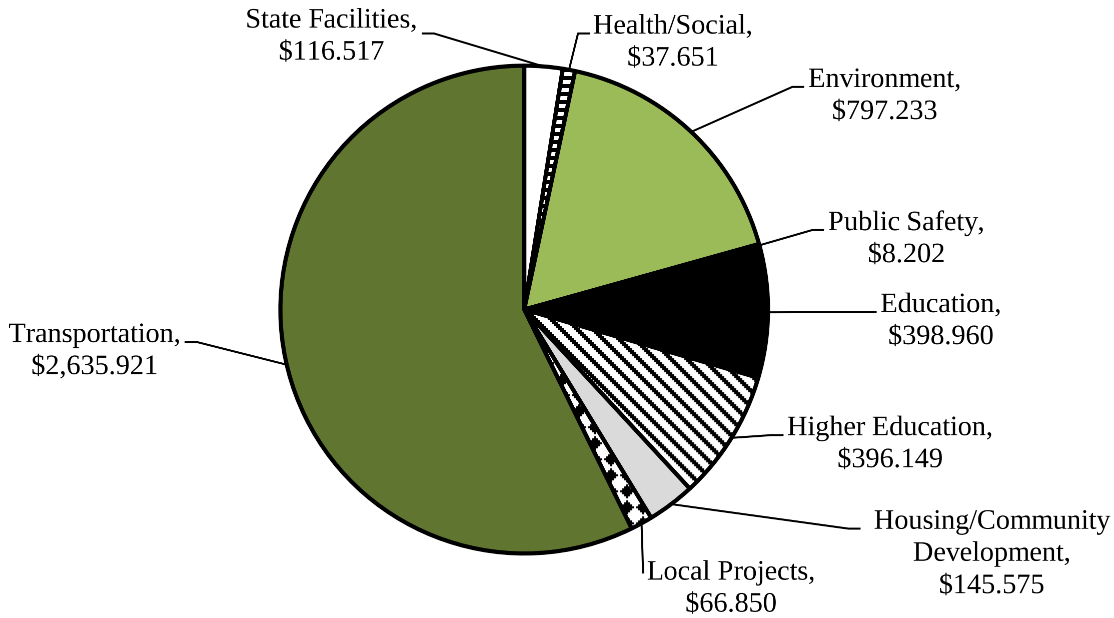
The 2017 General Assembly passed a fiscal 2018 capital program totaling $4.579 billion, including $2.636 billion for the transportation program but excluding deficiencies that effect fiscal 2017. Apart from transportation, the program totals $1.962 billion: $1.089 billion is funded with general obligation (GO) bonds authorized in the Maryland Consolidated Capital Bond Loan (MCCBL) of 2017, the 2017 capital budget ***House Bill 151*** ***(Ch. 22 – enacted under Article II, Section 17(b) of the Maryland Constitution without the signature of the Governor)***; $4.820 million is funded with Qualified Zone Academy Bonds (QZAB) authorized in ***House Bill 153*** ***(passed)***; $491.8 million is funded on a pay-as-you-go (PAYGO) basis in the operating budget; $32.0 million is funded with Academic Revenue Bonds (ARB) for University System of Maryland facilities authorized in ***House Bill 717*** ***(passed)***; and $349.1 million in revenue bonds to be issued by the Maryland Department of the Environment (MDE) to fund various drinking and water quality infrastructure projects.

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 2018, **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 2017. The MCCBL of 2017 includes funding for:

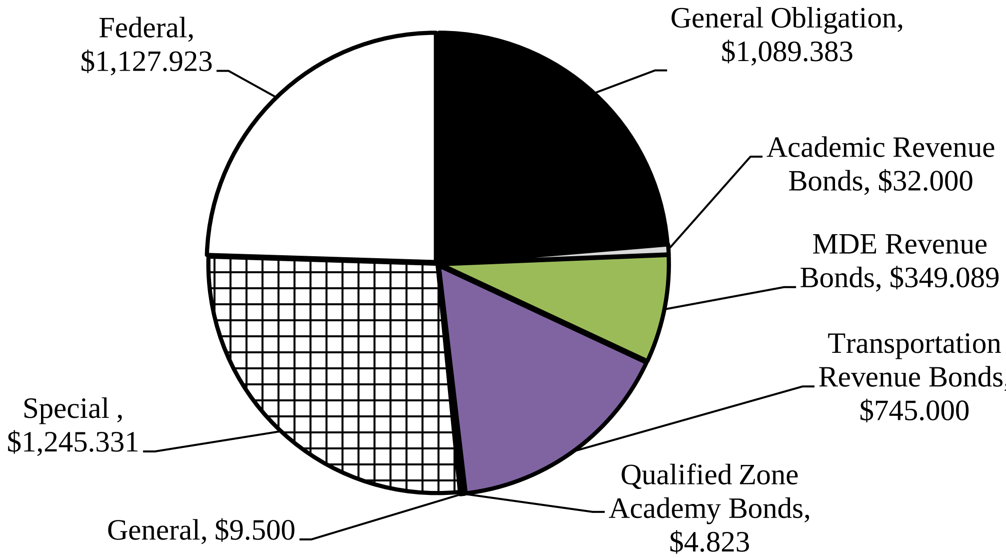
- State facilities, including colleges and universities, hospitals, Department of Disabilities accessibility modifications, correctional facilities, Department of the Military facilities, and the public safety communication system;
- grants to local governments for public school construction, community 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 2018 Capital Program Uses and Sources
($ in Millions)

Uses



Sources



MDE: Maryland Department of the Environment

Exhibit A-2.2
Capital Program Summary for the 2017 Session
($ in Millions)

	Bonds		Current Funds (PAYGO)			
Function	**GO**	**Revenue**	**General**	**Special**	**Federal**	**Total**
State Facilities						**$116.5**
Facilities Renewal	$15.0	$0.0	$0.0	$0.0	$0.0	
State Facilities – Other	58.2	0.0	0.0	0.0	43.3	
Health/Social						**$37.7**
Health – Other	7.4	0.0	0.0	0.0	0.0	
Private Hospitals	30.2	0.0	0.0	0.0	0.0	
Environment						**$797.2**
Agriculture	8.6	0.0	0.0	33.9	0.0	
Energy	0.0	0.0	0.0	2.6	0.0	
Environment	21.5	349.1	0.5	187.1	42.6	
MD Environmental Services	19.7	0.0	0.0	0.0	0.0	
Natural Resources	9.8	0.0	0.0	117.9	3.9	
Public Safety						**$8.2**
Local Jails	4.5	0.0	0.0	0.0	0.0	
State Corrections	3.3	0.0	0.0	0.0	0.0	
State Police	0.4	0.0	0.0	0.0	0.0	
Education						**$394.1**
Education – Other	40.5	0.0	0.0	0.0	0.0	
School Construction	353.6	0.0	0.0	0.0	0.0	
Higher Education						**$396.1**
Community Colleges	57.6	0.0	0.0	0.0	0.0	
Morgan State University	10.4	0.0	0.0	0.0	0.0	
Private Colleges/Universities	14.7	0.0	0.0	0.0	0.0	
St. Mary's College	9.8	0.0	0.0	0.0	0.0	
University System	271.7	32.0	0.0	0.0	0.0	
Housing and Community Development						**$145.6**
Housing	83.9	0.0	0.0	34.6	16.2	
Housing – Other	1.6	0.0	9.0	0.3	0.0	
Local Projects						**$66.9**
Local Projects – Administration	22.5	0.0	0.0	0.0	0.0	
Local Projects – Legislative*	44.4	0.0	0.0	0.0	0.0	

	Bonds		Current Funds (PAYGO)			
Function	**GO**	**Revenue**	**General**	**Special**	**Federal**	**Total**
De-authorizations						**-$24.4**
De-authorizations	-17.3	0.0	0.0	0.0	0.0	
De-authorizations – Other	-7.1	0.0	0.0	0.0	0.0	
Total	**$1,065.0**	**$381.1**	**$9.5**	**$376.3**	**$106.0**	**$1,937.9**
Fiscal 2017 Deficiencies	**$0.0**	**$0.0**	**$0.0**	**$1.0**	**$0.0**	**$1.0**
Qualified Zone Academy Bonds	**$4.8**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$4.8**
Transportation CTP	**$0.0**	**$745.0**	**$0.0**	**$869.0**	**$1,021.9**	**$2,635.9**
Grand Total	**$1,069.8**	**$1,126.1**	**$9.5**	**$1,246.3**	**$1,127.9**	**$4,579.6**

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

* Includes $27.5 million of initiatives originally proposed as bond bills and $16.9 million of other projects added by the General Assembly.

Exhibit A-2.3
Capital Program for the 2017 Session

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
	State Facilities						
D55P04A	DVA: Cemetery Program	$0	$0	$0	$0	$7,720,000	$7,720,000
DA0201A	MDOD: Accessibility Modifications	750,000	0	0	0	0	750,000
DE0201A	BPW: Construction Contingency Fund	2,500,000	0	0	0	0	2,500,000
DE0201B	BPW: Facilities Renewal Fund	15,014,121	0	0	0	0	15,014,121
DE0201C	BPW: Annapolis Post Office	3,738,000	0	0	0	0	3,738,000
DE0201D	BPW: Harriet Tubman and Frederick Douglass Statues	300,000	0	0	0	0	300,000
DE0201E	BPW: New Catonsville District Court	18,880,000	0	0	0	0	18,880,000
DH0104A	MIL: Easton Readiness Center	3,587,000	0	0	0	2,666,000	6,253,000
DH0104B	MIL: Freedom Readiness Center	214,000	0	0	0	19,000,000	19,214,000
DH0104C	MIL: Havre de Grace CSMS Automotive Maintenance Facility	0	0	0	0	10,000,000	10,000,000
DH0104D	MIL: Camp Frettered Complex Access Control	0	0	0	0	2,530,000	2,530,000
DH0104E	MIL: Havre de Grace CSMS Surface Equipment Maintenance Facility	0	0	0	0	1,378,000	1,378,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
FB04A	DoIT: Public Safety Communication System	27,000,000	0	0	0	0	27,000,000
RP00A	MPBC: Maryland Public Television Transmission Systems Replacement	550,000	0	0	0	0	550,000
RP00B	MPBC: Studio A Renovation and Addition	690,000	0	0	0	0	690,000
	Subject Category Subtotal	***$73,223,121***	***$0***	***$0***	***$0***	***$43,294,000***	***$116,517,121***
	Health/Social						
DA0701A	MDOA: Senior Centers Capital Grant Program	$946,000	$0	$0	$0	$0	$946,000
MA01A	DHMH: Community Health Facilities Grant Program	5,742,000	0	0	0	0	5,742,000
RQ00A	UMMS: Capital Infrastructure Improvements	10,000,000	0	0	0	0	10,000,000
RQ00B	UMMS: R Adams Cowley Shock Trauma Center Phase II	1,600,000	0	0	0	0	1,600,000
VE01A	DJS: Baltimore City Juvenile Justice Center Education Expansion	758,000	0	0	0	0	758,000
ZA00U	MISC: Sinai Hospital of Baltimore Community Primary and Specialty Care Complex	2,000,000	0	0	0	0	2,000,000
ZA00X	MISC: Union Hospital Helipad	300,000	0	0	0	0	300,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA00R	MISC: Prince George's Hospital System	11,300,000	0	0	0	0	11,300,000
ZA01A	MISC: Anne Arundel Health System Pathways Treatment Center	118,000	0	0	0	0	118,000
ZA01B	MISC: Anne Arundel Health System Rebecca Clatanoff Pavilion for Women's and Children's Services	472,000	0	0	0	0	472,000
ZA01C	MISC: Atlantic General Hospital Cancer Care Center	681,000	0	0	0	0	681,000
ZA01D	MISC: Baltimore Washington Medical Center Adult Inpatient Psychiatric Unit	577,000	0	0	0	0	577,000
ZA01E	MISC: Carroll Hospital Center Family Centered Neonatal Couplet Care	524,000	0	0	0	0	524,000
ZA01F	MISC: Garrett County Memorial Hospital	472,000	0	0	0	0	472,000
ZA01G	MISC: MedStar Montgomery Medical Center Addiction and Mental Health Center	95,000	0	0	0	0	95,000
ZA01H	MISC: Suburban Hospital Inc. Behavioral Health Crisis Area	283,000	0	0	0	0	283,000
ZA01I	MISC: Union Hospital of Cecil County Behavioral	786,000	0	0	0	0	786,000

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
	Health Crisis Assessment and Stabilization Area						
ZA01J	MISC: University of Maryland Medical Center Midtown Campus	577,000	0	0	0	0	577,000
ZA01K	MISC: University of Maryland, St. Joseph Medical Center	420,000	0	0	0	0	420,000
	Subject Category Subtotal	***$37,651,000***	***$0***	***$0***	***$0***	***$0***	***$37,651,000***
	Environment						
DA1302	MEA: Jane E. Lawton Program	$0	$0	$0	$850,000	$0	$850,000
DA1303	MEA: State Agency Loan Program	0	0	0	1,700,000	0	1,700,000
KA0510A	DNR: Natural Resources Development Fund	0	0	0	11,797,000	0	11,797,000
KA0510B	DNR: Critical Maintenance Program	0	0	0	6,000,000	0	6,000,000
KA0510C	DNR: Program Open Space – Stateside	0	0	0	31,476,662	3,000,000	34,476,662
KA0510D	DNR: Program Open Space – Local	0	0	0	37,213,279	0	37,213,279
KA05A	DNR: Community Parks and Playgrounds	2,500,000	0	0	0	0	2,500,000
KA05B	DNR: Rural Legacy Program	4,000,000	0	0	18,913,725	0	22,913,725
KA0906A	DNR: Ocean City Beach Maintenance	0	0	0	2,000,000	0	2,000,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
KA1401A	DNR: Waterway Improvement Program	0	0	0	10,500,000	900,000	11,400,000
KA1402A	DNR: Coastal Resiliency Program	540,000	0	0	0	0	540,000
KA1701A	DNR: Oyster Restoration Program	2,729,000	0	0	0	0	2,729,000
LA1111A	MDA: Agricultural Land Preservation Program	0	0	0	32,923,775	0	32,923,775
LA1205A	MDA: Salisbury Animal Health Laboratory Replacement	630,000	0	0	0	0	630,000
LA1213A	MDA: Tobacco Transition Program	0	0	0	1,000,000	0	1,000,000
LA15A	MDA: Maryland Agricultural Cost Share Program	8,000,000	0	0	0	0	8,000,000
UA0104	MDE: Hazardous Substance Cleanup Program	0	0	500,000	0	0	500,000
UA0110	MDE: Biological Nutrient Removal Program	0	49,089,000	0	0	0	49,089,000
UA0111	MDE: Bay Restoration Fund Wastewater Projects	0	0	0	60,000,000	0	60,000,000
UA0112	MDE: Bay Restoration Fund Septic System Program	0	0	0	15,000,000	0	15,000,000
UA0114	MDE: Energy Water Infrastructure Program	0	0	0	8,000,000	0	8,000,000
UA01A	MDE: Maryland Drinking Water Revolving Loan Fund	5,825,000	100,000,000	0	12,879,000	10,299,000	129,003,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
UA01B	MDE: Maryland Water Quality Revolving Loan Fund	13,255,000	200,000,000	0	91,222,000	32,315,000	336,792,000
UA01C	MDE: Mining Remediation Program	500,000	0	0	0	0	500,000
UA01D	MDE: Water Supply Financial Assistance Program	1,944,000	0	0	0	0	1,944,000
UB00A	MES: Infrastructure Improvement Fund	19,732,000	0	0	0	0	19,732,000
	Subject Category Subtotal	***$59,655,000***	***$349,089,000***	***$500,000***	***$341,475,441***	***$46,514,000***	***$797,233,441***
	Public Safety						
QR0202A	DPSCS: Housing Unit Windows and Heating Systems Replacement	$663,000	$0	$0	$0	$0	$663,000
QS0101A	DPSCS: Jessup Regional Electrical Infrastructure Upgrade	467,000	0	0	0	0	467,000
QT04A	DPSCS: Demolition of Buildings at the Baltimore City Correctional Complex	2,200,000	0	0	0	0	2,200,000
WA01A	DSP: New Cumberland Barrack and Garage	360,000	0	0	0	0	360,000
ZB02A	DPSCS: Anne Arundel County Detention Center Central Holding and Processing Center	1,800,000	0	0	0	0	1,800,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZB02B	DPSCS: Calvert County Detention Center Security Improvements	508,000	0	0	0	0	508,000
ZB02C	DPSCS: Montgomery County Pre-Release Center Renovations	1,204,000	0	0	0	0	1,204,000
ZB02D	DPSCS: Prince George's County Correctional Center Renovation and Expansion	1,000,000	0	0	0	0	1,000,000
	Subject Category Subtotal	***$8,202,000***	***$0***	***$0***	***$0***	***$0***	***$8,202,000***
	Education						
DE0202A	BPW: Aging Schools Program	$6,109,000	$0	$0	$0	$0	$6,109,000
DE0202B	BPW: Public School Construction Program	285,000,000	0	0	0	0	285,000,000
DE0202C	BPW: Nonpublic Aging Schools Program	3,500,000	0	0	0	0	3,500,000
DE0202D	BPW: Supplemental Capital Grant Program	62,500,000	0	0	0	0	62,500,000
RA01A	MSDE: Public Library Grant Program	5,000,000	0	0	0	0	5,000,000
RA01B	MSDE: State Library Resource Center	32,028,000	0	0	0	0	32,028,000
	Subject Category Subtotal	***$394,137,000***	***$0***	***$0***	***$0***	***$0***	***$394,137,000***

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
	Higher Education						
RB21A	UMB: Central Electric Substation and Electrical Infrastructure Upgrade	$2,890,000	$0	$0	$0	$0	$2,890,000
RB21B	UMB: Health Sciences Research Facility III and Surge Building	3,600,000	0	0	0	0	3,600,000
RB22A	UMCP: A. James Clark Hall New Bioengineering Building	25,452,000	5,000,000	0	0	0	30,452,000
RB22B	UMCP: Brendan Iribe Center for Computer Science and Innovation	63,650,000	10,000,000	0	0	0	73,650,000
RB22C	UMCP: New Cole Field House	8,770,000	0	0	0	0	8,770,000
RB22D	UMCP: School of Public Policy	3,000,000	0	0	0	0	3,000,000
RB24A	TU: Science Facility	26,000,000	0	0	0	0	26,000,000
RB24B	TU: Athletic Turf Field	300,000	0	0	0	0	300,000
RB25A	UMES: School of Pharmacy and Allied Health Professions	3,048,000	0	0	0	0	3,048,000
RB26A	FSU: Education Professions and Health Sciences Center	1,000,000	0	0	0	0	1,000,000
RB27A	CSU: Percy Julian School of Business and Graduate Studies	1,336,000	0	0	0	0	1,336,000
RB28A	UB: Langsdale Library	3,750,000	0	0	0	0	3,750,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
RB31A	UMBC: Interdisciplinary Life Sciences Building	40,249,000	0	0	0	0	40,249,000
RB36A	USMO: Shady Grove Educational Center – Biomedical Sciences and Engineering Education Building	88,651,000	0	0	0	0	88,651,000
RB36B	USMO: Capital facilities Renewal Program	0	17,000,000	0	0	0	17,000,000
RD00A	SMCM: Academic Building and Auditorium	9,832,000	0	0	0	0	9,832,000
RI00A	MHEC: Community College Facilities Grant Program	57,552,000	0	0	0	0	57,552,000
RM00A	MSU: Behavioral and Social Sciences Building	2,105,000	0	0	0	0	2,105,000
RM00B	MSU: New Student Services Support Building	8,255,000	0	0	0	0	8,255,000
ZA00N	MICUA: Goucher College New Science Building	4,000,000	0	0	0	0	4,000,000
ZA00O	MICUA: McDaniel College Gill Physical Education Learning Center	3,000,000	0	0	0	0	3,000,000
ZA00P	MICUA: St. John’s College McDowell Hall	2,700,000	0	0	0	0	2,700,000
	Subject Category Subtotal	***$359,140,000***	***$32,000,000***	***$0***	***$0***	***$0***	***$391,140,000***

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	Housing and Community Development						
DW0111A	MDOP: Maryland Historical Trust Capital Grant Fund	$600,000	$0	$0	$300,000	$0	$900,000
DW0111B	MDOP: African American Heritage Preservation Grant Program	1,000,000	0	0	0	0	1,000,000
DW0112	MDOP: Sustainable Communities Tax Credit	0	0	9,000,000	0	0	9,000,000
SA1514A	DHCD: MD-BRAC Preservation Loan Fund	0	0	0	3,000,000	0	3,000,000
SA2402A	DHCD: Community Development Block Grant Program	0	0	0	0	9,000,000	9,000,000
SA24A	DHCD: Baltimore Regional Neighborhood Initiative	8,000,000	0	0	0	0	8,000,000
SA24B	DHCD: Community Legacy Program	6,000,000	0	0	0	0	6,000,000
SA24C	DHCD: Neighborhood Business Development Program	3,100,000	0	0	1,900,000	0	5,000,000
SA24D	DHCD: Strategic Demolition and Smart Growth Impact Fund	25,625,000	0	0	0	0	25,625,000
SA2515A	DHCD: Housing and Building Energy Programs	0	0	0	9,850,000	700,000	10,550,000
SA25A	DHCD: Homeownership Programs	7,600,000	0	0	1,500,000	0	9,100,000

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
SA25B	DHCD: Partnership Rental Housing Program	6,000,000	0	0	0	0	6,000,000
SA25C	DHCD: Rental Housing Program	20,000,000	0	0	15,500,000	4,500,000	40,000,000
SA25D	DHCD: Shelter and Transitional Housing Facilities Grant Program	3,000,000	0	0	0	0	3,000,000
SA25E	DHCD: Special Loan Programs	4,600,000	0	0	2,800,000	2,000,000	9,400,000
	Subject Category Subtotal	***$85,525,000***	***$0***	***$9,000,000***	***$34,850,000***	***$16,200,000***	***$145,575,000***
	Local Projects						
DB01A	HSMCC: Maryland Dove	$500,000	$0	$0	$0	$0	$500,000
ZA00A	MISC: Allegany County Animal Shelter Adoption and Care Center	500,000	0	0	0	0	500,000
ZA00B	MISC: Angel's Watch Shelter	750,000	0	0	0	0	750,000
ZA00C	MISC: Carroll County Public Safety Training Center	1,650,000	0	0	0	0	1,650,000
ZA00D	MISC: Chesapeake Bay Maritime Museum	250,000	0	0	0	0	250,000
ZA00E	MISC: Chesapeake Grove Senior Housing and Intergenerational Center	1,000,000	0	0	0	0	1,000,000
ZA00F	MISC: Cumberland Investment Plan	500,000	0	0	0	0	500,000
ZA00G	MISC: Hagerstown Revitalization	1,500,000	0	0	0	0	1,500,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA00H	MISC: Historic Annapolis	1,000,000	0	0	0	0	1,000,000
ZA00I	MISC: Imagination Stage	400,000	0	0	0	0	400,000
ZA00J	MISC: Jewish Social Services Montrose Road Building	1,000,000	0	0	0	0	1,000,000
ZA00K	MISC: Kennedy Krieger Institute Comprehensive Autism Center	1,000,000	0	0	0	0	1,000,000
ZA00L	MISC: Lexington Market	2,000,000	0	0	0	0	2,000,000
ZA00M	MISC: Maryland Center for the Arts	1,000,000	0	0	0	0	1,000,000
ZA00Q	MISC: Maryland Zoo in Baltimore	4,000,000	0	0	0	0	4,000,000
ZA00S	MISC: Ronald McDonald House	1,000,000	0	0	0	0	1,000,000
ZA00T	MISC: Salisbury Revitalization	1,000,000	0	0	0	0	1,000,000
ZA00V	MISC: Strathmore Hall	3,000,000	0	0	0	0	3,000,000
ZA00W	MISC: Takoma Park Silver Spring Cooperative	500,000	0	0	0	0	500,000
ZA00Y	MISC: Western Maryland Scenic Railroad	400,000	0	0	0	0	400,000
ZA00Z	MISC: Center Stage	2,000,000	0	0	0	0	2,000,000
ZA00AA	MISC: Maryland Hall for the Creative Arts	1,000,000	0	0	0	0	1,000,000
ZA00AB	MISC: Baltimore Museum of Art	2,000,000	0	0	0	0	2,000,000

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
ZA00AC	MISC: Poolesville Grape Crushing Economic Development Facility	1,000,000	0	0	0	0	1,000,000
ZA00AD	MISC: Rash Field	1,000,000	0	0	0	0	1,000,000
ZA00AE	MISC: Baltimore Food Hub	900,000	0	0	0	0	900,000
ZA00AF	MISC: Rosewood Property Environmental Abatement	5,000,000	0	0	0	0	5,000,000
ZA00AG	MISC: YWCA Domestic Violence and Trafficking Shelters	400,000	0	0	0	0	400,000
ZA00AH	MISC: The Arc of the Central Chesapeake Region	200,000	0	0	0	0	200,000
ZA00AI	MISC: Bestgate Park	200,000	0	0	0	0	200,000
ZA00AJ	MISC: Hot Sox Park	200,000	0	0	0	0	200,000
ZA00AK	MISC: Franklin High School Infrastructure Improvements	250,000	0	0	0	0	250,000
ZA00AL	MISC: Randallstown High School Infrastructure Improvements	20,000	0	0	0	0	20,000
ZA00AM	MISC: Deer Park Middle School Infrastructure Improvements	80,000	0	0	0	0	80,000
ZA00AN	MISC: Innovative Center for Autonomous Systems	250,000	0	0	0	0	250,000
ZA00AO	MISC: National Cryptologic Museum – Cyber Center of Education and Innovation	500,000	0	0	0	0	500,000

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
ZA00AP	MISC: BARCO Open Works Project	300,000	0	0	0	0	300,000
ZA00AQ	MISC: Municipal Marina Repair	500,000	0	0	0	0	500,000
ZA00AR	MISC: Route 1 Revitalization	1,300,000	0	0	0	0	1,300,000
ZA00AS	MISC: Ocean City Convention Center	500,000	0	0	0	0	500,000
ZA00AT	MISC: Merriweather Post Pavilion	8,000,000	0	0	0	0	8,000,000
ZA00AU	MISC: Downtown Frederick Hotel and Conference Center	4,000,000	0	0	0	0	4,000,000
ZA00AV	MISC: Medstar Franklin Square Hospital	2,000,000	0	0	0	0	2,000,000
ZA00AW	MISC: Southern Maryland Studies Center	500,000	0	0	0	0	500,000
ZA00AX	MISC: Cross Street Market	200,000	0	0	0	0	200,000
ZA00AY	MISC: Hampden Family Center	50,000	0	0	0	0	50,000
ZA00AZ	MISC: College of Southern Maryland Entrepreneur and Innovation Institute	200,000	0	0	0	0	200,000
ZA00BA	MISC: Remsberg Park Multipurpose Youth Sports Field	100,000	0	0	0	0	100,000
ZA00BB	MISC: Maryland State Fairgrounds	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
ZA00BC	MISC: Baltimore Metropolitan Council	250,000	0	0	0	0	250,000
ZA00BD	MISC: Arthur Perdue Stadium	500,000	0	0	0	0	500,000
ZA02	MISC: Local House Initiatives	7,500,000	0	0	0	0	7,500,000
ZA03	MISC: Local Senate Initiatives	7,500,000	0	0	0	0	7,500,000
	Subject Category Subtotal	***$71,850,000***	***$0***	***$0***	***$0***	***$0***	***$71,850,000***
	Current Year Nontransportation Total	**$1,089,383,121**	**$381,089,000**	**$9,500,000**	**$376,325,441**	**$106,008,000**	**$1,962,305,562**
	De-authorizations						
ZF00	De-authorizations as Introduced	-$17,262,000	$0	$0	$0	$0	-$17,262,000
ZF00A	Additional De-authorizations	-7,121,121	0	0	0	0	-7,121,121
	Subject Category Subtotal	***-$24,383,121***	***$0***	***$0***	***$0***	***$0***	***-$24,383,121***
	Adjusted Nontransportation Total	**$1,065,000,000**	**$381,089,000**	**$9,500,000**	**$376,325,441**	**$106,008,000**	**$1,937,922,441**
	Transportation CTP	**$0**	**$745,000,000**	**$0**	**$869,006,186**	**$1,021,915,000**	**$2,635,921,186**
DE0202QZ	BPW: Qualified Zone Academy Bond Program	$4,823,000	$0	$0	$0	$0	$4,823,000
	Current Year Total	**$1,069,823,000**	**$1,126,089,000**	**$9,500,000**	**$1,245,331,627**	**$1,127,923,000**	**$4,578,666,627**

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	Fiscal 2017 Deficiencies						
DA1303	MEA: State Agency Loan Program	$0	$0	$0	$1,000,000	$0	$1,000,000
	Subject Category Subtotal	***$0***	***$0***	***$0***	***$1,000,000***	***$0***	***$1,000,000***
	Grand Total	**$1,069,823,000**	**$1,126,089,000**	**$9,500,000**	**$1,246,331,627**	**$1,127,923,000**	**$4,579,666,627**

BPW: Board of Public Works
CSMS: Combined Support Maintenance Shop
CSU: Coppin 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 Veterans Affairs
FSU: Frostburg State University
HSMCC: Historic St. Mary's City Commission
MIL: 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
MDOP: Maryland Department of Planning
MEA: Maryland Energy Administration
MES: Maryland Environmental Service
MHEC: Maryland Higher Education Commission
MICUA: Maryland Independent College and University Association
MISC: miscellaneous
MPBC: Maryland Public Broadcasting Commission
MSDE: Maryland State Department of Education
MSU: Morgan State University
PAYGO: pay-as-you-go
SMCM: St. Mary's College of Maryland
TU: Towson University
UB: University of Baltimore
UMB: University of Maryland, Baltimore Campus
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park Campus
UMES: University of Maryland Eastern Shore
UMMS: University of Maryland Medical System
USMO: University System of Maryland Office

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

Exhibit A-2.4
Legislative Projects – 2017 Session

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match Requirements
Statewide					
Hancock's Resolution Visitor Center and Barn		$250,000		$250,000	Hard
Maryland Center for Veterans Education and Training		200,000		200,000	Grant
Resiliency and Education Center at Kuhn Hall		500,000		500,000	Soft (1,2)
Stella Maris Transitional Care Center		250,000		250,000	Hard
Subtotal	***$0***	***$1,200,000***	***$0***	***$1,200,000***	
Allegany					
Coal Miner Memorial Statue		$75,000		$75,000	Hard
Cumberland YMCA Youth Center		75,000		75,000	Hard
Subtotal	***$0***	***$150,000***	***$0***	***$150,000***	
Anne Arundel					
Arundel Lodge		$60,000		$60,000	Soft (all)
Arundel Volunteer Fire Department Community Center		125,000		125,000	Soft (all)
Bestgate Park			$200,000	200,000	Grant
Chesapeake Region Accessible Boating Project	$75,000			75,000	Soft (1,2)
Downs Park Amphitheater	100,000			100,000	Soft (all)
Harambee House Community Outreach Center	50,000			50,000	Soft (1)
Historic Annapolis Museum		90,000		90,000	Grant
Hot Sox Park			200,000	200,000	Soft (3)
Loopers Field Improvement Project		50,000		50,000	Soft (all)
Mandrin Inpatient Care Center		100,000		100,000	Hard
Maryland Hall for the Creative Arts			1,000,000	1,000,000	Grant

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match Requirements
The Arc of the Central Chesapeake Region			200,000	200,000	Hard
Tick Neck Park Athletic Fields	200,000			200,000	Hard
YWCA Domestic Violence and Trafficking Shelters			400,000	400,000	Soft (1,3)
Subtotal	***$425,000***	***$425,000***	***$2,000,000***	***$2,850,000***	
Baltimore City					
Baltimore Museum of Art			$2,000,000	$2,000,000	Hard
Baybrook Park Athletic Field			250,000	250,000	Soft (3)
Bon Secours Youth Development Center	$300,000			300,000	Soft (all)
Center Stage			2,000,000	2,000,000	Soft (3)
Community Empowerment and Wellness Center		$125,000		125,000	Soft (1,2)
Creative Alliance		125,000		125,000	Soft (all)
Cross Street Market			200,000	200,000	Soft (2,3)
Cylburn Arboretum Carriage House and Nature Museum	200,000			200,000	Soft (all)
Darley Park Community Park	50,000			50,000	Hard
Downtown Cultural Art Center	100,000			100,000	Soft (2)
Hampden Family Center		50,000	50,000	100,000	Soft (3)
Harford Road Assisted Living and Medical Adult Day Care Center	50,000	200,000		250,000	Soft (3)
Historic Diamond Press Building		100,000		100,000	Grant
Manna House		50,000		50,000	Hard
Meals on Wheels Kitchen Improvements	100,000	25,000		125,000	Hard
Most Worshipful Prince Hall Grand Lodge	100,000			100,000	Soft (2,3)
National Great Blacks in Wax Museum	200,000			200,000	Soft (all)
Progressive Education Center Playground		125,000		125,000	Soft (U,3)
Rash Field Improvement Project			1,000,000	1,000,000	Soft (all)
Roberta's House	250,000			250,000	Grant
Shake and Bake Family Fun Center	20,000			20,000	Soft (2)
St. Francis Neighborhood Center		55,000		55,000	Soft (all)

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match Requirements
Woodbourne Center Vocational Program		150,000		150,000	Hard
Subtotal	***$1,370,000***	***$1,005,000***	***$5,500,000***	***$7,875,000***	
Baltimore					
Bais Yaakov Middle School		$100,000		$100,000	Soft (1)
Camp Puh'tok		100,000		100,000	Soft (2)
Community College of Baltimore County Catonsville Campus Artificial Turf Field		250,000		250,000	Hard
Double Rock Park	$250,000			250,000	Soft (all)
Jewish Teen Advancement Program House	100,000			100,000	Soft (1)
Liberty Community Development Youth Center	250,000			250,000	Soft (2)
Maryland Council for Special Equestrians	120,000			120,000	Hard
Morning Star Family Life Center	150,000			150,000	Soft (all)
National Center on Institutions and Alternatives Expansion	200,000			200,000	Hard
Ner Israel Rabbinical College	90,000	100,000		190,000	Hard
Perry Hall High School Stadium Turf Project	75,000	75,000		150,000	Hard
Phoenix Wildlife Center	50,000	50,000		100,000	Hard
Project Genesis: New Beginnings, Inc. Community Center	75,000	125,000		200,000	Soft (3)
St. Luke's United Methodist Church Fellowship Hall	50,000	150,000		200,000	Grant
Towson High School Stadium	30,000			30,000	Hard
White Marsh Volunteer Fire Company		75,000		75,000	Hard
Subtotal	***$1,440,000***	***$1,025,000***	***$0***	***$2,465,000***	
Calvert					
End Hunger In Calvert County Warehouse		$50,000		$50,000	Soft (all)
Subtotal	***$0***	***$50,000***	***$0***	***$50,000***	

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match Requirements
Caroline					
Benedictine School	$175,000	$125,000		$300,000	Hard
Subtotal	***$175,000***	***$125,000***	***$0***	***$300,000***	
Carroll					
Boys and Girls Club of Westminster	$80,000			$80,000	Soft (1)
Mt. Airy Caboose and Visitor Center Pavilion		$25,000		25,000	Hard
Union Mills Homestead Restoration		100,000		100,000	Hard
Subtotal	***$80,000***	***$125,000***	***$0***	***$205,000***	
Cecil					
Fair Hill Race Course		$100,000		$100,000	Hard
Subtotal	***$0***	***$100,000***	***$0***	***$100,000***	
Charles					
Farming 4 Hunger Community Agricultural Facility		$75,000		$75,000	Soft (2,3)
Maryland Veterans Memorial Museum Land Acquisition		150,000		150,000	Soft (all)
Old Pomonkey High School		50,000		50,000	Soft (1,2)
Southern Maryland Carousel	$180,000			180,000	Soft (1)
Southern Maryland Studies Center			$500,000	500,000	Grant
Subtotal	***$180,000***	***$275,000***	***$500,000***	***$955,000***	
Dorchester					
Chesapeake Grove Senior Housing and Intergenerational Center			$1,000,000	$1,000,000	Soft (1)
Subtotal	***$0***	***$0***	***$1,000,000***	***$1,000,000***	

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match Requirements
Frederick					
Heritage Frederick Capital Improvements		$25,000		$25,000	Soft (3)
YMCA of Frederick County	$50,000	50,000		100,000	Soft (all)
Subtotal	***$50,000***	***$75,000***	***$0***	***$125,000***	
Garrett					
Believe in Tomorrow Children's House at Deep Creek Lake	$200,000			$200,000	Hard
Subtotal	***$200,000***	***$0***	***$0***	***$200,000***	
Harford					
McComas School Museum		$25,000		$25,000	Soft (all)
National Center for Manufacturing Sciences	$100,000			100,000	Grant
The Epicenter at Edgewood	50,000			50,000	Grant
Subtotal	***$150,000***	***$25,000***	***$0***	***$175,000***	
Howard					
Carrollton Hall Restoration		$125,000		$125,000	Hard
Chrysalis Pavilion in Merriweather Park at Symphony Woods	$150,000			150,000	Soft (1,3)
Harriet Tubman Community Center and Museum	300,000			300,000	Soft (1)
ManneqART Museum and Maryland Fashion Institute	50,000			50,000	Soft (all)
Tau Pi Mentoring Program	25,000			25,000	Soft (2)
The Arc of Howard County HVAC System Replacement		250,000		250,000	Hard
Subtotal	***$525,000***	***$375,000***	***$0***	***$900,000***	

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match Requirements
Montgomery					
A Wider Circle Community Service Center	$125,000			$125,000	Soft (2,3)
Bender Jewish Community Center of Greater Washington		$100,000		100,000	Hard
Bethesda Graceful Growing Together Community Center	100,000			100,000	Soft (all)
Boyds Negro School		16,000		16,000	Soft (2)
Community Services for Autistic Adults and Children	45,000			45,000	Hard
Consumer Product Safety Commission Site	100,000	100,000		200,000	Hard
Easter Seals Inter-Generational Center	150,000			150,000	Hard
Friends House		50,000		50,000	Soft (3)
Good Hope Local Park		50,000		50,000	Soft (all)
Halpine Hamlet Community Center		175,000		175,000	Soft (2)
Interfaith Watershed Restoration and Outreach Project	15,000		$45,000	60,000	Soft (2)
King Farm Farmstead Dairy Barns	100,000			100,000	Hard
Korean Community Service Center Branch Office	100,000			100,000	Hard
Laytonsville Lions Club Medical Equipment Loan Building	5,000			5,000	Hard
Madison Fields Therapeutic Equestrian Center	60,000			60,000	Soft (1,3)
MdBioLab STEM Education Equipment	50,000	50,000		100,000	Hard
Melvin J. Berman Hebrew Academy	50,000	100,000		150,000	Soft (all)
Olney Boys and Girls Community Park Expansion	75,000	75,000		150,000	Soft (1)
Poolesville Grape Crushing Economic Development Facility			1,000,000	1,000,000	Soft (1)
Potomac Community Resources Home	175,000			175,000	Hard
Stewartown Local Park		125,000		125,000	Soft (all)
Takoma Park Library	50,000	100,000		150,000	Hard
The Quince Orchard Colored School	90,000	110,000		200,000	Soft (3)
Woodend Nature Sanctuary Accessible Trail	150,000			150,000	Hard

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match Requirements
YMCA Bethesda-Chevy Chase	100,000			100,000	Soft (2,3)
Young Israel Shomrai Emunah Social Hall		50,000		50,000	Soft (all)
Subtotal	***$1,540,000***	***$1,101,000***	***$1,045,000***	***$3,686,000***	
Prince George's					
Accokeek First Church of God Center of Excellence		$50,000		$50,000	Soft (1)
Alpha House	$75,000			75,000	Soft (1)
Camp Springs Elks Lodge No. 2332		25,000		25,000	Soft (2)
Champ House	50,000			50,000	Grant
College Park Woods Hiker/Biker Connector Trail		50,000		50,000	Hard
Collington Station Safety and Surveillance Systems		24,000		24,000	Hard
District Heights Veterans Park		170,000		170,000	Soft (U,1,2)
Duvall Field Renovation	75,000	75,000		150,000	Hard
Hard Bargain Farm Environmental Center	200,000			200,000	Soft (1)
Hyattsville Veteran's Memorial		30,000		30,000	Soft (2,3)
Maryland Milestones Heritage Center	50,000			50,000	Soft (all)
Maryland Multicultural Youth Centers		75,000		75,000	Soft (2)
My Sister's Keeper		50,000		50,000	Soft (1)
New Horizons Disability Job Training and Recycling Center		40,000		40,000	Soft (all)
Patuxent River 4-H Center Dennis Cooper Cabin	250,000			250,000	Grant
Riverdale Park Station		85,000		85,000	Soft (all)
Riverdale Park Station Pedestrian Improvements	350,000			350,000	Soft (all)
Southern Market Place		25,000		25,000	Soft (2)
St. Ann's Center for Children, Youth and Families	50,000			50,000	Hard
St. Nicholas Catholic Church Parish Hall		50,000		50,000	Hard
Susan D. Mona Center		100,000		100,000	Soft (1)
Transit Oriented Development Public Art Projects	150,000	125,000		275,000	Grant
Subtotal	***$1,250,000***	***$974,000***	***$0***	***$2,224,000***	

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match Requirements
St. Mary's					
Maryland Dove			$500,000	$500,000	Grant
St. Clement's Island North Pier		$100,000		100,000	Grant
Subtotal	***$0***	***$100,000***	***$500,000***	***$600,000***	
Talbot					
St. Luke's Preschool	$20,000			$20,000	Soft (3)
Subtotal	***$20,000***	***$0***	***$0***	***$20,000***	
Washington					
Hagerstown Urban Improvement Project	$45,000	$155,000	$1,500,000	$1,700,000	Hard
Williamsport American Legion Post 202 World War II Monument		65,000		65,000	Soft (1,2)
Subtotal	***$45,000***	***$220,000***	***$1,500,000***	***$1,765,000***	
Wicomico					
Lower Shore Clinic Day Program for Seniors with Disabilities Facility	$50,000	$50,000		$100,000	Hard
Subtotal	***$50,000***	***$50,000***	***$0***	***$100,000***	
Worcester					
Believe in Tomorrow Cottage By the Sea		$100,000		$100,000	Hard
Ocean City Convention Center Phase 3			$500,000	500,000	Hard
Subtotal	***$0***	***$100,000***	***$500,000***	***$600,000***	
Grand Total	**$7,500,000**	**$7,500,000**	**$12,545,000**	**$27,545,000**	

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 $9.5 million of general funds, $376.3 million of special funds, and $106.0 million of federal funds. Total transportation PAYGO funding is $1,890.9 billion of special and federal funds.

The fiscal situation has constrained the use of PAYGO general fund support for the capital program since the onset of the great recession. In the 2016 session, the general fund revenue outlook reflected some improvement, and the General Assembly passed several pieces of legislation that created mandated general fund capital spending on programs administered by the Department of Housing and Community Development for a variety of housing and community development initiatives. However, the Board of Revenue Estimates' downward revision in general fund revenue estimates for fiscal 2017 and 2018 constrained general fund support of the capital program in fiscal 2018 and through the five-year programming period covered in the 2017 *Capital Improvement Program* (CIP). To address this, the budget as submitted included mandate relief that eliminates $45.6 million of forecasted general fund PAYGO for fiscal 2018 and partially replaced these funds with $31.6 million of GO bonds. Actions taken by the General Assembly ultimately increased the GO bond replacement funds to a total of $36.6 million. Moreover, amendments adopted in ***House Bill 152*** ***(Ch. 23)***, the Budget Reconciliation and Financing Act (BRFA) of 2017, fully restored the mandated amounts for each of the programs in future years while providing flexibility to use either general funds or GO bond funds to meet each mandate.

Revenue Bonds

A significant feature of the fiscal 2018 capital budget is a change in the funding mechanism for the Biological Nutrient Removal (BNR) Program. In prior years, grants to local governments for upgrades of wastewater treatment plants to the BNR standard were funded with general obligation bonds. A provision in the BRFA of 2017 authorizes the use of up to $60 million of tax-supported revenue bonds from the Bay Restoration Fund (BRF) to fund BNR projects, while ***House Bill 384*** ***(passed)*** permanently expands the allowable uses of the BRF to include BNR projects.

The fiscal 2018 capital budget bill de-authorizes $11 million of GO bonds authorized at the 2016 session for BNR projects and funds these projects and $49 million of new BNR projects from the revenue bond issuance.

The fiscal 2018 capital budget also includes $300 million of planned non-tax supported revenue bond issuances by MDE to further capitalize the Water Quality Revolving-Loan Fund and the Drinking Water Revolving Loan Fund to fund loans to local governments for various water quality and drinking water infrastructure projects. MDE will issue the debt over the next several years as project funding proposals from local governments dictate.

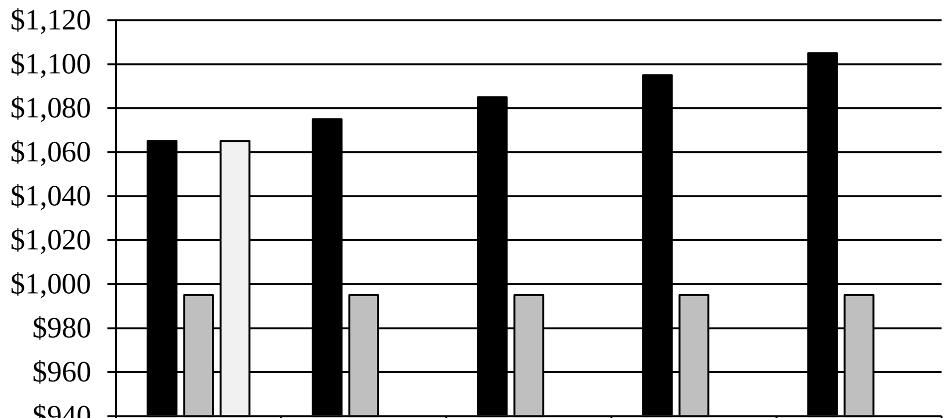
Debt Affordability

In the 2016 report, the Capital Debt Affordability Committee (CDAC) recommended that a maximum of $995 million in GO bonds may be authorized in the 2017 session and for each year in the five-year planning period included in the annual CIP. The recommendation, the same recommendation made by the committee in its 2015 report, is intended to slow the growth in debt service costs and provide additional debt capacity in the out-years.

The CDAC's recommendation is advisory, and the Spending Affordability Committee (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 2017 session and through the five-year planning period increase by 1% annually using the fiscal 2016 level of $1.045 billion as the starting point. This too was the same recommendation made by the committee in its 2015 report. The goal of the SAC recommendation is to moderate GO bond authorization levels to the projected State property tax revenue increases, which in recent years and projections increase at an average annual rate of 1.7%. 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 2017 session capital budget proposed a net new GO bond authorization of $995.0 million keeping the State within the limit recommended by CDAC. The MCCBL of 2017 passed by the General Assembly totals $1.065 billion of net new GO debt authorizations, which is the amount recommended by SAC. An additional $24.4 million in GO bonds from prior years is de-authorized in the MCCBL of 2017, thereby increasing the amount of new GO debt included in the 2017 session capital program to $1.089 billion. **Exhibit A-2.5** illustrates the different recommended new GO authorization levels and the final amount included in the MCCBL of 2017.

Exhibit A-2.5
New General Obligation Bond Authorization Levels
Governor's *Capital Improvement Program* – Spending Affordability Committee
2017-2021 Legislative Sessions
($ in Millions)



	2017 Session	2018 Session	2019 Session	2020 Session	2021 Session
■ SAC	$1,065.0	$1,075.0	$1,085.0	$1,095.0	$1,105.0
▨ Governor's 2017 CIP	995.0	995.0	995.0	995.0	995.0
□ Final General Assembly	1065.0				

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

The State's capital program for fiscal 2018 also includes other actions that affect debt affordability, debt issuance, and future capital budgets.

- The MCCBL of 2017 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 2017 includes $335.8 million of GO bond authorizations that will not take effect until fiscal 2019 and $162.6 million that will not take effect until fiscal 2020. Many of these pre-authorizations either continue the funding for existing construction contracts or allow projects expected to be contracted during fiscal 2018 to proceed without the full amount of the construction authorization provided in the fiscal 2018 budget. Some pre-authorizations express the General Assembly's support of local projects, which are not contracted by the State but rather by local governments and local and private organizations. **Exhibit 2.6** shows the pre-authorizations for the 2018 and 2019 sessions included in the MCCBL of 2017.

- ***House Bill 153*** ***(passed)*** authorizes the State to issue $4.823 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 (IAC) 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 (FRPM).

Exhibit 2.6
Pre-authorizations Included in the Maryland Consolidated Capital Bond Loan
2018-2019 Sessions

Project Title	Fiscal 2019	Fiscal 2020
BPW: Judiciary New Catonsville District Court	$12,000,000	
BPW: Annapolis Post Office	1,500,000	
MIL: Freedom Readiness Center	3,975,000	$3,015,000
MSDE: State Library Resource Center	3,512,000	
UMCP: A. James Clark Hall – New Bioengineering Building	3,533,000	
UMCP: Brendan Iribe Center for Computer Science and Innovation	500,000	
UMCP: New Cole Field House	16,879,000	
UMCP: School of Public Policy	9,000,000	8,000,000
TU: Science Facility	61,650,000	63,319,000
UMBC: Interdisciplinary Life Sciences Building	56,855,000	
USMO: Shady Grove Educational Center	14,765,000	
MHEC: Community College Facilities Grant Program	41,919,000	9,100,000
MSU: New Student Services Support Building	45,720,000	20,036,000
MES: Infrastructure Improvement Fund	11,870,000	5,000,000
DJS: New Female Detention Center	22,649,000	21,178,000
MISC: Rosewood Property Environmental Abatement	5,000,000	6,000,000
MISC: Merriweather Post Pavilion	8,000,000	
MISC: Strathmore Hall	3,000,000	
MISC: Downtown Frederick Hotel and Conference Center	7,500,000	3,500,000
MISC: Ocean City Convention Center Phase 3	835,000	18,665,000
MISC: Sheppard Pratt at Elkridge	5,125,000	4,750,000
Total	**$335,787,000**	**$162,563,000**

BPW: Board of Public Works
DJS: Department of Juvenile Services
MES: Maryland Environmental Service
MHEC: Maryland Higher Education Commission
MIL: Military Department
MISC: miscellaneous
MSDE: Maryland State Department of Education
MSU: Morgan State University
TU: Towson University
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park Campus
USMO: University System of Maryland Office

Higher Education

The State-funded portion of the fiscal 2018 capital program for all segments of higher education is $398.1 million, including both GO bonds and ARBs. Of the total funding, public four-year institutions, including regional higher education centers, receive $323.9 million, or 81.4% of funding, and independent institutions receive $14.7 million, or 3.7% of funding. Community colleges receive $59.6 million in fiscal 2018 GO bonds, or 14.9% of higher education funding. This includes $2.0 million of recycled GO bond funds leftover from prior local community college projects. Community college funding is also matched by $54.3 million in local support in fiscal 2018. **Exhibit A-2.7** shows the fiscal 2018 capital funding by institution.

Exhibit A-2.7
Fiscal 2018 Higher Education Capital Funding by Institution
($ in Thousands)

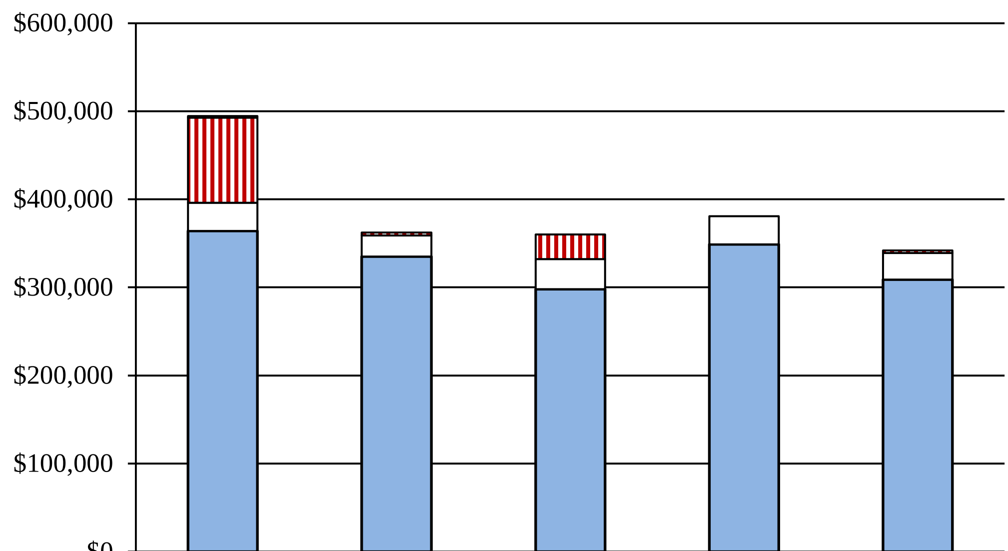
Institution	Capital Funding
University of Maryland, Baltimore Campus	$6,490
University of Maryland, College Park Campus	115,872
Towson University	26,300
University of Maryland Eastern Shore	3,048
Frostburg State University	1,000
Coppin State University	1,336
University of Baltimore	3,750
University of Maryland Baltimore County	40,249
USM – Facility Renewal	17,000
USM – Regional Higher Education Centers	88,651
Morgan State University	10,360
St. Mary’s College of Maryland	9,832
Independent Institutions	14,700
Community Colleges	59,552
Total	**$398,140**

USM: University System of Maryland

Note: Includes general obligation bonds, academic revenue bonds, and community college facility grant fund balance.

Including legislative changes made to fiscal 2018, the 2017 CIP shows $1.937 billion in State capital spending for higher education projects from fiscal 2018 through 2022 across all funds. **Exhibit A-2.8** shows the fiscal 2018 legislative appropriation for higher education capital projects and the funds anticipated in the CIP for fiscal 2019 through 2022. The CIP out-years are not yet informed by one project accelerated in fiscal 2018, so the forthcoming 2018 CIP will need to be restructured to show increased higher education capital spending in fiscal 2019 and later years to reflect the accelerated project. This, combined with several projects that were already scheduled to be completed in fiscal 2018 and 2019, leads to the decline in GO bond support from fiscal 2018 to 2020 in Exhibit A-2.8.

Exhibit A-2.8
Higher Education Authorized and Planned Out-year Capital Funding
Fiscal 2018-2022 Est.
($ in Thousands)



	2018	2019 Est.	2020 Est.	2021 Est.	2022 Est.
Recycled Funds	$2,000	$0	$0	$0	$0
Nonbudgeted Funds	96,475	3,092	27,961	0	3,000
Academic Revenue Bonds	32,000	24,000	34,000	32,000	30,000
GO Bonds	364,140	335,029	298,156	348,982	308,948

GO: general obligation

Note: Fiscal 2019 through 2022 do not yet reflect funding changes made to the fiscal 2018 capital budget by the General Assembly.

School Construction

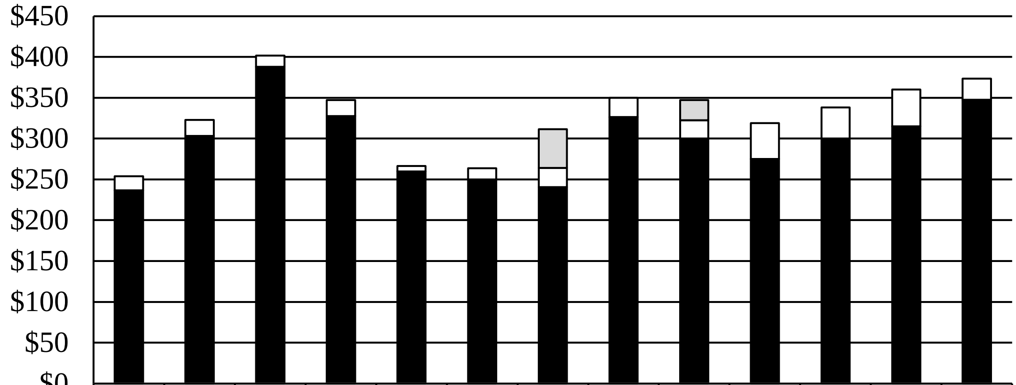
The fiscal 2018 capital budget includes $347.5 million in GO bonds for public school construction. This includes $285.0 million for the traditional Public School Construction Program (PSCP), an increase of $5.0 million above the Governor's submission. The additional $5.0 million is restricted for Baltimore County to replace $5.0 million withheld by the Board of Public Works (BPW) in fiscal 2017. Another action in the MCCBL of 2017 de-authorizes $5.0 million authorized for the PSCP in the MCCBL of 2016, representing the funds that were withheld by BPW. The General Assembly also added language to the school construction authorization that, for fiscal 2018, IAC shall allocate 100% of the funds available for public school construction projects, including available contingency funds. Under the language, the IAC allocations are not subject to BPW approval and are deemed approved pursuant to State law. IAC made recommendations for 75% of the preliminary school construction allocation for fiscal 2018 in December 2016, which were approved by BPW on January 25, 2017. By March 1, 2017, IAC made recommendations for the allocation of 90% of the school construction allocation in the capital budget (which included the initial 75% approved by BPW). Following enactment of the capital budget bill, IAC will make recommendations for 100% of the funding available for fiscal 2018 school construction projects, and pursuant to this language, the IAC recommendations will be the final allocations not subject to BPW approval.

An additional $62.5 million is funded through the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms established by Chapter 355 of 2015. Chapter 355 of 2015 established a mandated appropriation in the capital budget of $20.0 million annually beginning in fiscal 2017 for local school systems impacted by significant enrollment growth and reliance on relocatable classrooms. Chapter 665 of 2016, increased the funding mandate from $20.0 million to $40.0 million. In the 2017 session the General Assembly increased the amount authorized for the program by $22.5 million for a total of $62.5 million. The additional $22.5 million is not mandated and only applicable to the MCCBL of 2017. While § 5-313 of the Education Article establishes a funding formula for the eligible counties, the additional $22.5 million is allocated outside of the statutory formula with specific allocations to the participating jurisdictions set forth in the MCCBL of 2017. 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 means an average of at least 300 relocatable classrooms over the past five years. Currently, Anne Arundel, Baltimore, Howard, Montgomery, and Prince George's counties are eligible.

An additional $25.9 million in unexpended funds from prior years is available from the Statewide Contingency Fund, all but $13,000 of which is reserved for specific local school systems. Language added to the MCCBL of 2017 states the General Assembly's intent that an additional $5.0 million in contingency funds be allocated for air conditioning projects in Baltimore City Public Schools.

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-2.9**, between fiscal 2006 and 2017, the State has invested $4.234 billion for school construction projects throughout the State.

Exhibit A-2.9
Public School Construction Funding
Fiscal 2006-2018
($ in Millions)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PAYGO	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$47.5	$0.0	$25.0	$0.0	$0.0	$0.0	$0.0
NB	17.2	19.6	13.9	19.6	6.7	13.7	23.7	23.6	22.3	43.8	38.2	45.0	25.9
GO	236.6	303.1	387.9	327.4	259.9	250.0	240.4	326.4	300.0	275.0	300.0	315.0	347.5

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 2006-2018

Aging Schools and Qualified Zone Academy Bond Programs

The capital budget bill provides $6.1 million in GO bonds for the Aging Schools Program allocated as grants to county boards of education as specified in § 5-206 of the Education Article.

The fiscal 2018 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 $4.823 million of QZABs authorized in ***House Bill 153***. 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 FRPM. QZAB funds are distributed to local school systems through competitive grants including grants to the Breakthrough Center and public charter schools.

Transfer Tax – Fiscal 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 BRFA 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 2018 budget reflects the modification of the overall plan of transfer tax diversions to the General Fund that were originally authorized by Chapter 425 of 2013 and subsequently modified by Chapter 464 of 2014, Chapter 489 of 2015, and Chapter 10 of 2016. In conjunction, Chapter 10 of 2016 and the fiscal 2018 operating budget bill:

- reduce the fiscal 2018 authorized transfer by $40.0 million from $86.0 million to $46.0 million;
- repurpose the $40.0 million in fiscal 2018 for PAYGO capital programs to be appropriated as follows:
    - POS – State – $3,412,000;
    - POS – Local – $11,000,000;
    - Rural Legacy Program – $9,000,000;
    - Critical Maintenance Program – $2,000,000;
    - Natural Resources Development Fund – $5,088,000;
    - Ocean City Beach Maintenance – $500,000; and
    - Maryland Agricultural Land Preservation Foundation – $9,000,000; and
- specify a new allocation of POS – State allocation for Baltimore City in the amount of $1.5 million in fiscal 2017, $3.5 in fiscal 2018, $5.5 million in fiscal 2019, and $6.0 million in fiscal 2020 and each subsequent fiscal year.

Exhibit A-2.10 shows the fiscal 2018 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. As can be seen, the $40.0 million enhancement – allocated per Chapter 10 of 2016 – provides for $135.3 million in capital program funding from the transfer tax in fiscal 2018.

Exhibit A-2.10
Transfer Tax Distribution for Capital Programs Receiving Enhancements
Fiscal 2018

Program	Statutory Allocation	BRFA of 2013 General Fund Transfer	Estimated Allowance Before Enhancement	Enhancement	Allowance
DNR – Land Acquisition and Planning					
Program Open Space – State Share	$52,821,663	-$24,757,000	$28,064,663	$3,412,000	$31,476,663
Program Open Space – Local Share	49,960,279	-23,747,000	26,213,279	11,000,000	37,213,279
Rural Legacy Program	19,279,725	-9,366,000	9,913,725	9,000,000	18,913,725
Natural Resources Development Fund	14,308,000	-7,599,000	6,709,000	5,088,000	11,797,000
Critical Maintenance Program	6,000,000	-2,000,000	4,000,000	2,000,000	6,000,000
Ocean City Beach Maintenance	1,000,000	-500,000	500,000	500,000	1,000,000
Maryland Department of Agriculture – Maryland Agricultural Land Preservation Foundation	37,982,775	-18,059,000	19,923,775	9,000,000	28,923,775
Distribution for Programs with Enhancements	**$181,352,442**	**-$86,028,000**	**$95,324,442**	**$40,000,000**	**$135,324,442**

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

Note: The Program Open Space – State share fiscal 2018 funding includes $3,500,000 for the Baltimore City Direct Grant. Of this amount, $2,000,000 is required by Chapter10 of 2016, as amended by ***House Bill 1154*** to be used for the following purposes: Herring Run Park – $400,000; Clifton Park – $500,000; Druid Hill Park Trail Head – $300,000; James Mosher Park – $300,000; Patterson Park – $300,000; and Frederick B. Leidig Recreation Center – $200,000.

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

Programs Traditionally Funded with Transfer Tax Revenue

Exhibit A-2.11 shows the fiscal 2018 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 $40 million reduction to the fiscal 2018 authorized transfer.

Exhibit A-2.11
Programs Traditionally Funded with Transfer Tax Revenue
Fiscal 2018
($ 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]	$24,004	$3,412	$0	$3,000	$0	$30,416
Local	28,065	3,412	0	0	0	31,477
Capital Development[2]	11,209	7,588	0	0	0	18,797
Rural Legacy Program	9,914	9,000	0	0	4,000	22,914
Heritage Conservation Fund	4,061	0	0	0	0	4,061
Department of Agriculture						
Agricultural Land Preservation[3]	19,924	9,000	4,000	0	0	32,924
Total	**$97,176**	**$32,412**	**$4,000**	**$3,000**	**$5,000**	**$140,588**

GO: general obligation

[1] The Baltimore City Direct Grant of $3.5 million comes out of the $27.4 million in transfer tax special funds for Program Open Space (POS) – State. The $3.0 million in federal funds reflected for POS – State could also be used by POS – Local.
[2] The Capital Development funding is allocated as follows: transfer tax regular special funds – Natural Resources Development Fund ($6,709,000), Critical Maintenance Program ($4,000,000), and Ocean City Beach Maintenance ($500,000); and transfer tax enhancement special funds – Natural Resources Development Fund ($5,088,000), Critical Maintenance Program ($2,000,000), and Ocean City Beach Maintenance ($500,000).
[3] The Agricultural Land Preservation funding reflects $4.0 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 $7.5 billion in fiscal 2018, representing a $134.5 million, or 1.8%, increase from the prior year. Direct aid will increase by $189.4 million, and State funding for retirement payments will decrease by $54.9 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 2017 and 2018.

Exhibit A-3.1
State Aid to Local Governments
Fiscal 2017 and 2018
($ in Millions)

	2017	2018	Difference	% Difference
Public Schools	$5,537.5	$5,651.2	$113.6	2.1%
Libraries	53.4	58.4	5.0	9.4%
Community Colleges	267.9	273.1	5.2	1.9%
Local Health	49.5	51.1	1.6	3.2%
County/Municipal	630.3	694.2	63.9	10.1%
Subtotal – Direct Aid	***$6,538.6***	***$6,727.9***	***$189.4***	***2.9%***
Retirement Payments	$854.3	$799.4	-$54.9	-6.4%
Total	**$7,392.9**	**$7,527.3**	**$134.5**	**1.8%**

Source: Department of Legislative Services

Legislative Actions

The General Assembly approved several measures during the 2017 legislative session that affect State funding for local governments. **Exhibit A-3.2** shows reductions to State aid by county and governmental entity in fiscal 2018, totaling $56.6 million. The reductions include $300,000 redirected within local aid to the Bard High School Early College Baltimore.

Exhibit A-3.2
Reductions to State Aid Programs by County
Fiscal 2018

	Direct Aid				Retirement Aid			
County	**Public Schools[1]**	**Police Aid Formula [2]**	**Health Grants**	**Disparity Grants**	**Public Schools**	**Libraries**	**Community Colleges**	**Total**
Allegany	$0	$8,591	-$21,261	$0	-$338,973	-$5,248	-$59,485	-$416,376
Anne Arundel	-950,000	-65,984	-62,979	0	-3,001,796	-53,703	-169,277	-4,303,739
Baltimore City	0	0	-124,100	0	-3,144,989	-73,336	0	-3,342,425
Baltimore	0	-59,522	-81,859	0	-4,150,513	-85,218	-241,530	-4,618,642
Calvert	0	-1,555	-9,099	0	-633,482	-13,183	-14,053	-671,372
Caroline	0	-351	-10,960	0	-210,559	-4,858	-7,550	-234,278
Carroll	0	742	-25,174	0	-920,970	-28,167	-30,061	-1,003,630
Cecil	0	-1,225	-16,969	0	-615,441	-13,136	-19,219	-665,990
Charles	0	-12,447	-21,941	0	-1,028,257	-18,160	-49,049	-1,129,854
Dorchester	0	-2,117	-9,377	0	-181,822	-2,412	-5,950	-201,678
Frederick	0	-3,525	-30,702	0	-1,518,387	-29,715	-61,591	-1,643,920
Garrett	0	3,654	-9,654	0	-146,797	-3,517	-16,025	-172,339
Harford	0	1,111	-34,860	0	-1,284,620	-41,495	-71,412	-1,431,276
Howard	0	-46,140	-26,179	0	-2,664,136	-69,352	-106,123	-2,911,930
Kent	0	-1,642	-8,245	0	-79,674	-2,731	-2,528	-94,820
Montgomery	0	-142,670	-59,910	0	-7,427,890	0	-389,481	-8,019,951
Prince George's	0	-140,793	-95,674	-1,816,307	-5,331,234	-66,320	-182,135	-7,632,463
Queen Anne's	0	-724	-8,680	0	-288,936	-5,797	-9,175	-313,312
St. Mary's	0	-8,731	-16,078	0	-627,139	-12,475	-15,428	-679,851
Somerset	0	-1,138	-8,736	-114,083	-125,274	-2,287	-4,034	-255,552
Talbot	0	2,645	-7,339	0	-161,632	-5,263	-8,697	-180,286
Washington	0	-350	-27,135	0	-796,339	-16,494	-48,549	-888,867
Wicomico	0	-11,737	-19,738	-484,274	-575,582	-7,312	-24,578	-1,123,221
Worcester	0	18,766	-10,627	0	-324,119	-7,886	-10,920	-334,786
Unallocated	-14,300,000	0	0	0	0	0	0	-14,300,000
Total	**-$15,250,000**	**-$465,142**	**-$747,276**	**-$2,414,664**	**-$35,578,561**	**-$568,065**	**-$1,546,849**	**-$56,570,557**

[1] Includes reductions for Nonpublic Placements ($5 million), Teacher Development ($5 million, including $950,000 for Anne Arundel County), Public School Opportunities Enhancement Program ($5 million), and Next Generation Scholars ($300,000). The reduction to Next Generation Scholars was redirected within local aid to the Bard High School Early College.

[2] Statewide level-funding the Police Aid Formula results in increases in police aid for some counties.

Declining Enrollment and Prekindergarten Supplemental Grants

Senate Bill 1024 ***(passed)*** and ***House Bill 684*** ***(Ch. 6)*** provide declining enrollment and prekindergarten supplemental grants to eligible local boards of education for fiscal 2018 through 2020; prekindergarten supplemental grant award amounts are phased in over a three-year period, from 50% in fiscal 2018 to 75% in fiscal 2019, and reaching 100% in fiscal 2020. A local board is eligible for an enrollment-based supplemental grant if the county's most recent prior three-year moving average full-time equivalent (FTE) enrollment is greater than the FTE enrollment in the previous school year. A local board is eligible for a prekindergarten grant if the local board offers a full-day program for all four-year olds who are enrolled in public prekindergarten. In order for Baltimore City Public Schools to receive additional State funds under the bill, Baltimore City must increase its local contribution by specified amounts each year.

Under this legislation, State aid increases by $28.2 million in fiscal 2018, including $17.2 million for declining enrollment supplemental grants and $10.9 million for prekindergarten grants; most of the increased aid is received by Baltimore City. Ten counties, including Baltimore City, receive declining enrollment supplemental grants. Baltimore City as well as Garrett, Kent, and Somerset counties receive prekindergarten supplemental grants. **Exhibit A-3.3** shows the estimated funding by county in fiscal 2018 to 2020.

Exhibit A–3.3
Declining Enrollment and Prekindergarten Supplemental Grants
($ in Thousands)

County	Supplemental PreK Grants [1]			Declining Enrollment Grants			Total Change under the Bill		
	50% FY 2018	75% FY 2019	100% FY 2020	FY 2018	FY 2019	FY 2020	FY 2018	FY 2019	FY 2020
Allegany	$0	$0	$0	$793	$0	$262	$793	$0	$262
Anne Arundel	0	0	0	0	0	0	0	0	0
Baltimore City	10,174	15,261	22,370	13,546	10,043	5,809	23,719	25,305	28,179
Baltimore	0	0	0	0	0	0	0	0	0
Calvert	0	0	0	240	310	321	240	310	321
Caroline	0	0	0	0	0	0	0	0	0
Carroll	0	0	0	1,606	1,492	1,622	1,606	1,492	1,622
Cecil	0	0	0	190	0	0	190	0	0
Charles	0	0	0	0	0	0	0	0	0
Dorchester	0	0	0	0	0	0	0	0	0
Frederick	0	0	0	0	0	0	0	0	0
Garrett	248	372	504	209	154	112	457	526	616
Harford	0	0	0	356	532	727	356	533	727
Howard	0	0	0	0	0	0	0	0	0
Kent	73	117	169	142	0	0	215	117	169
Montgomery	0	0	0	0	0	0	0	0	0
Prince George’s	0	0	0	0	0	0	0	0	0
Queen Anne’s	0	0	0	22	0	0	22	0	0
St. Mary’s	0	0	0	0	0	0	0	0	0
Somerset	455	695	956	0	0	0	455	695	956
Talbot	0	0	0	133	64	31	133	64	31
Washington	0	0	0	0	0	0	0	0	0
Wicomico	0	0	0	0	0	160	0	0	160
Worcester	0	0	0	0	0	0	0	0	0
Total [1]	**$10,949**	**$16,446**	**$23,999**	**$17,237**	**$12,595**	**$9,044**	**$28,186**	**$29,041**	**$33,042**

[1] To the extent that the bill provides sufficient incentive for local school systems that do not presently offer universal full-day prekindergarten, the effect beginning in fiscal 2019 may be substantially larger.

Teacher Retirement

House Bill 152 ***(Ch. 23)***, the Budget Reconciliation and Financing Act (BRFA) of 2017, repeals the requirement, for fiscal 2018 only, that the Governor include an appropriation to the State Retirement and Pension System trust fund equal to one-half of the amount by which the unappropriated general fund surplus exceeds $10.0 million in the second preceding fiscal year, up to a maximum of $50.0 million. State retirement aid to local jurisdictions is reduced by a total of $37.7 million in fiscal 2018: $35.6 million for public schools; $1.5 million for community colleges; and $0.6 million for libraries. These differences are shown by county in Exhibit A-3.2.

Also, ***House Bill 1109*** ***(Ch. 5)*** relieves county boards of education from their fiscal 2017 obligation to pay $19.7 million of their share of the employer normal cost for their employees who are members of the Teachers' Retirement System or Teachers' Pension System. This measure, which is accounted for in the budget, effectively increases State retirement aid by $19.7 million in fiscal 2017.

Changes by Program

Direct State aid for most counties in Maryland increases in fiscal 2018; however, direct aid decreases slightly for Calvert and Carroll counties.

Exhibit A-3.4 summarizes the distribution of direct aid by governmental unit and shows the estimated State retirement payments for local government employees. **Exhibit A-3.5** shows total State aid in fiscal 2017 and 2018 by program. A more detailed discussion of the changes in State aid in fiscal 2018 follows the exhibits.

Exhibit A-3.4
State Aid to Local Governments
Fiscal 2018 Legislative Appropriation
($ in Thousands)

	Direct State Aid									
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**	**Change Over FY 2017**	**Percent Change**
Allegany	$14,806	$6,215	$81,357	$787	$1,636	$104,801	$8,872	$113,673	$1,344	1.2%
Anne Arundel	50,745	31,335	359,052	2,252	4,171	447,554	68,476	516,030	8,695	1.7%
Baltimore City	306,790	0	859,637	9,250	8,219	1,183,896	67,144	1,251,040	-544	0.0%
Baltimore	29,100	43,622	659,752	5,971	5,421	743,865	95,228	839,093	21,867	2.7%
Calvert	5,062	2,691	82,295	450	690	91,188	13,883	105,071	-1,972	-1.8%
Caroline	4,800	1,572	54,818	300	761	62,251	4,711	66,962	2,737	4.3%
Carroll	6,373	8,667	133,106	995	1,702	150,843	20,732	171,575	-3,850	-2.2%
Cecil	8,420	6,156	108,079	805	1,159	124,619	13,657	138,275	1,451	1.1%
Charles	4,640	9,217	172,692	1,057	1,488	189,094	23,167	212,261	3,785	1.8%
Dorchester	4,608	1,239	42,733	285	814	49,678	3,998	53,676	2,182	4.2%
Frederick	9,302	10,945	242,509	1,445	2,138	266,340	34,021	300,361	7,342	2.5%
Garrett	5,299	3,990	22,242	151	797	32,479	3,599	36,078	318	0.9%
Harford	8,614	12,060	209,262	1,604	2,326	233,867	29,835	263,702	679	0.3%
Howard	10,035	19,714	247,368	940	1,751	279,809	60,158	339,967	3,110	0.9%
Kent	1,254	526	10,145	95	616	12,636	1,800	14,437	176	1.2%
Montgomery	34,877	49,810	688,822	3,120	3,968	780,596	167,701	948,297	15,762	1.7%
Prince George’s	102,606	30,500	1,114,116	7,402	6,354	1,260,977	117,316	1,378,293	32,893	2.4%
Queen Anne’s	2,137	1,911	34,757	170	645	39,620	6,405	46,025	90	0.2%
St. Mary’s	3,365	3,097	105,675	719	1,065	113,921	13,792	127,714	4,220	3.4%
Somerset	6,780	839	32,512	287	596	41,014	2,772	43,786	3,263	8.1%
Talbot	2,693	1,811	14,223	113	539	19,378	3,747	23,125	484	2.1%
Washington	7,713	9,389	175,692	1,294	1,885	195,972	18,339	214,311	6,472	3.1%
Wicomico	14,413	5,111	146,005	1,051	1,342	167,922	12,812	180,735	5,230	3.0%
Worcester	7,370	2,271	19,851	155	1,002	30,648	7,245	37,893	217	0.6%
Unallocated	42,396	10,404	34,461	17,707	0	104,969	0	104,969	18,517	21.4%
Total	**$694,197**	**$273,093**	**$5,651,160**	**$58,404**	**$51,083**	**$6,727,938**	**$799,410**	**$7,527,348**	**$134,468**	**1.8%**

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit A-3.4 (Cont.)
State Aid to Local Governments
Fiscal 2017 Working Appropriation
($ in Thousands)

County	County – Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal	Retirement	Total
	Direct State Aid							
Allegany	$14,271	$6,245	$79,887	$762	$1,408	$102,573	$9,756	$112,329
Anne Arundel	43,025	31,000	353,401	2,194	4,171	433,791	73,544	507,335
Baltimore City	290,538	0	874,118	6,144	8,219	1,179,019	72,565	1,251,584
Baltimore	25,734	43,620	638,106	5,687	5,421	718,568	98,659	817,226
Calvert	4,481	2,629	83,124	425	603	91,262	15,782	107,044
Caroline	4,722	1,592	51,885	286	726	59,210	5,015	64,225
Carroll	5,567	8,661	135,825	956	1,667	152,676	22,748	175,424
Cecil	7,623	6,191	106,407	763	1,124	122,108	14,717	136,825
Charles	3,943	9,150	168,563	1,011	1,453	184,120	24,356	208,476
Dorchester	4,388	1,244	40,809	272	621	47,335	4,159	51,495
Frederick	8,332	10,687	233,822	1,387	2,033	256,261	36,757	293,018
Garrett	4,986	3,939	22,143	142	639	31,850	3,910	35,760
Harford	7,457	12,045	207,505	1,535	2,309	230,850	32,173	263,023
Howard	8,466	19,289	241,095	899	1,734	271,484	65,373	336,857
Kent	1,256	552	9,808	86	546	12,248	2,013	14,261
Montgomery	30,901	49,940	665,055	2,997	3,968	752,860	179,676	932,535
Prince George's	83,452	30,531	1,094,245	7,239	6,336	1,221,802	123,597	1,345,399
Queen Anne's	1,819	1,981	34,525	157	575	39,057	6,879	45,936
St. Mary's	2,937	2,881	101,683	666	1,065	109,231	14,263	123,494
Somerset	6,623	874	29,173	277	579	37,526	2,997	40,523
Talbot	2,158	1,750	14,112	109	486	18,615	4,026	22,641
Washington	6,896	9,336	168,657	1,238	1,797	187,924	19,914	207,838
Wicomico	13,355	5,070	141,049	1,001	1,307	161,781	13,723	175,504
Worcester	7,137	2,243	19,752	150	704	29,986	7,690	37,676
Unallocated	40,238	6,426	22,771	17,017	0	86,453	0	86,453
Total	**$630,308**	**$267,876**	**$5,537,519**	**$53,396**	**$49,488**	**$6,538,588**	**$854,292**	**$7,392,880**

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit A-3.4 (Cont.)

State Aid to Local Governments

Dollar Difference Between Fiscal 2018 Legislative Appropriation and Fiscal 2017 Working Appropriation

($ in Thousands)

	Direct State Aid							
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	$534	-$31	$1,470	$26	$228	$2,227	-$884	$1,344
Anne Arundel	7,720	335	5,650	58	0	13,763	-5,068	8,695
Baltimore City	16,252	0	-14,481	3,107	0	4,877	-5,422	-544
Baltimore	3,366	2	21,646	284	0	25,298	-3,431	21,867
Calvert	581	62	-829	25	88	-74	-1,899	-1,972
Caroline	78	-20	2,933	15	35	3,041	-304	2,737
Carroll	807	6	-2,720	38	35	-1,833	-2,016	-3,850
Cecil	797	-34	1,672	42	35	2,511	-1,060	1,451
Charles	697	67	4,130	46	35	4,974	-1,189	3,785
Dorchester	219	-5	1,924	12	193	2,343	-161	2,182
Frederick	970	258	8,687	58	105	10,078	-2,736	7,342
Garrett	313	51	99	9	158	629	-311	318
Harford	1,157	16	1,757	69	18	3,017	-2,338	679
Howard	1,569	425	6,273	41	18	8,325	-5,215	3,110
Kent	-3	-25	337	9	70	389	-213	176
Montgomery	3,976	-130	23,767	124	0	27,736	-11,975	15,762
Prince George’s	19,154	-31	19,871	163	18	39,175	-6,281	32,893
Queen Anne’s	318	-71	232	13	70	563	-474	90
St. Mary’s	428	216	3,993	54	0	4,690	-470	4,220
Somerset	157	-35	3,339	11	18	3,489	-225	3,263
Talbot	535	61	111	3	53	763	-279	484
Washington	816	53	7,034	56	88	8,047	-1,575	6,472
Wicomico	1,058	42	4,956	51	35	6,141	-911	5,230
Worcester	234	28	99	4	298	662	-445	217
Unallocated	2,158	3,978	11,690	690	0	18,517	0	18,517
Total	**$63,889**	**$5,217**	**$113,641**	**$5,008**	**$1,594**	**$189,350**	**-$54,882**	**$134,468**

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit A-3.4 (Cont.)
State Aid to Local Governments
Percent Change: Fiscal 2018 Legislative Appropriation over Fiscal 2017 Working Appropriation

	Direct State Aid							
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	3.7%	-0.5%	1.8%	3.4%	16.2%	2.2%	-9.1%	1.2%
Anne Arundel	17.9%	1.1%	1.6%	2.7%	0.0%	3.2%	-6.9%	1.7%
Baltimore City	5.6%	n/a	-1.7%	50.6%	0.0%	0.4%	-7.5%	0.0%
Baltimore	13.1%	0.0%	3.4%	5.0%	0.0%	3.5%	-3.5%	2.7%
Calvert	13.0%	2.4%	-1.0%	5.8%	14.5%	-0.1%	-12.0%	-1.8%
Caroline	1.7%	-1.2%	5.7%	5.2%	4.8%	5.1%	-6.1%	4.3%
Carroll	14.5%	0.1%	-2.0%	4.0%	2.1%	-1.2%	-8.9%	-2.2%
Cecil	10.4%	-0.6%	1.6%	5.4%	3.1%	2.1%	-7.2%	1.1%
Charles	17.7%	0.7%	2.4%	4.6%	2.4%	2.7%	-4.9%	1.8%
Dorchester	5.0%	-0.4%	4.7%	4.6%	31.0%	4.9%	-3.9%	4.2%
Frederick	11.6%	2.4%	3.7%	4.2%	5.2%	3.9%	-7.4%	2.5%
Garrett	6.3%	1.3%	0.4%	6.3%	24.7%	2.0%	-8.0%	0.9%
Harford	15.5%	0.1%	0.8%	4.5%	0.8%	1.3%	-7.3%	0.3%
Howard	18.5%	2.2%	2.6%	4.5%	1.0%	3.1%	-8.0%	0.9%
Kent	-0.2%	-4.6%	3.4%	10.8%	12.8%	3.2%	-10.6%	1.2%
Montgomery	12.9%	-0.3%	3.6%	4.1%	0.0%	3.7%	-6.7%	1.7%
Prince George's	23.0%	-0.1%	1.8%	2.3%	0.3%	3.2%	-5.1%	2.4%
Queen Anne's	17.5%	-3.6%	0.7%	8.6%	12.2%	1.4%	-6.9%	0.2%
St. Mary's	14.6%	7.5%	3.9%	8.0%	0.0%	4.3%	-3.3%	3.4%
Somerset	2.4%	-4.1%	11.4%	3.9%	3.0%	9.3%	-7.5%	8.1%
Talbot	24.8%	3.5%	0.8%	2.8%	10.8%	4.1%	-6.9%	2.1%
Washington	11.8%	0.6%	4.2%	4.5%	4.9%	4.3%	-7.9%	3.1%
Wicomico	7.9%	0.8%	3.5%	5.1%	2.7%	3.8%	-6.6%	3.0%
Worcester	3.3%	1.2%	0.5%	2.9%	42.3%	2.2%	-5.8%	0.6%
Unallocated	5.4%	61.9%	51.3%	4.1%	n/a	21.4%	0.0%	21.4%
Total	**10.1%**	**1.9%**	**2.1%**	**9.4%**	**3.2%**	**2.9%**	**-6.4%**	**1.8%**

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit A-3.5

Total State Aid to Local Governments

Program	FY 2017	FY 2018	Difference
Foundation Aid	$2,961,988,396	$3,005,269,724	$43,281,328
Supplemental Program	46,620,083	46,620,083	0
Geographic Cost of Education Index	136,898,081	139,126,929	2,228,848
Net Taxable Income Education Grant	39,701,813	49,169,986	9,468,173
Foundation – Special Grants	19,429,858	0	-19,429,858
Declining Enrollment Education Grants	0	17,236,916	17,236,916
Compensatory Education	1,309,146,300	1,305,545,022	-3,601,278
Student Transportation – Regular	245,728,167	250,620,360	4,892,193
Student Transportation – Special Education	25,073,000	25,721,000	648,000
Special Education – Formula	279,607,502	284,873,467	5,265,965
Special Education – Nonpublic Placements	121,617,896	123,617,898	2,000,002
Special Education – Infants and Toddlers	10,389,104	10,389,104	0
Limited English Proficiency Grants	227,019,762	248,683,743	21,663,981
Guaranteed Tax Base	54,511,367	50,304,279	-4,207,088
Aging Schools	0	6,108,990	6,108,990
Teacher Quality Incentives	3,104,000	7,154,000	4,050,000
Adult Education	8,011,987	8,011,987	0
Food Service	11,236,663	11,236,664	1
Out-of-county Foster Placements	1,967,328	2,200,000	232,672
Head Start	1,800,000	1,800,000	0
Prekindergarten Expansion Program	4,300,000	7,972,000	3,672,000
Prekindergarten Supplemental Grants	0	10,949,191	10,949,191
SEED School	10,300,895	10,372,414	71,519
Judy Hoyer Centers	10,575,000	10,575,000	0
Next Generation Scholars	0	4,700,000	4,700,000
Public School Opportunities	0	2,500,000	2,500,000
Other Education Aid	8,492,000	10,401,705	1,909,705
Total Primary and Secondary Education	**$5,537,519,202**	**$5,651,160,462**	**$113,641,260**
Library Formula	$36,379,660	$40,697,196	$4,317,536
Library Network	17,016,786	17,707,258	690,472
Total Libraries	**$53,396,446**	**$58,404,454**	**$5,008,008**

Program	**FY 2017**	**FY 2018**	**Difference**
Community College Formula	$234,375,190	$235,154,742	$779,552
Grants for ESOL Programs	5,523,780	5,500,075	-23,705
Optional Retirement	16,873,000	17,328,002	455,002
Small College Grants	4,678,382	4,705,898	27,516
Other Community College Aid	6,425,998	10,404,492	3,978,494
Total Community Colleges	**$267,876,350**	**$273,093,209**	**$5,216,859**
Highway User Revenue	$177,413,088	$175,501,536	-$1,911,552
Elderly and Disabled Transportation Aid	4,305,908	4,305,908	0
Paratransit Grants	2,930,039	1,726,068	-1,203,971
Municipal Transportation Grants	19,000,000	20,109,553	1,109,553
County Transportation Grants	6,000,000	18,281,411	12,281,411
Total Transportation	**$209,649,035**	**$219,924,476**	**$10,275,441**
Police Aid	$73,714,998	$73,714,998	$0
Fire and Rescue Aid	15,000,000	15,000,000	0
Vehicle Theft Prevention	1,869,602	1,869,160	-442
9-1-1 Grants	14,400,000	14,400,000	0
Drug Enforcement Grants	1,214,610	1,214,610	0
Violent Crime Grants	2,292,489	2,292,489	0
Baltimore City Direct Police Grant	7,180,112	9,180,112	2,000,000
State's Attorney Grants	3,228,840	3,228,840	0
Safe Streets Program	4,589,746	4,589,746	0
Other Public Safety Aid	3,756,509	6,061,509	2,305,000
Total Public Safety	**$127,246,906**	**$131,551,464**	**$4,304,558**
Program Open Space	$27,190,972	$40,713,279	$13,522,307
Critical Area Grants	251,900	253,900	2,000
Wastewater Treatment – Nutrient Removal	5,000,000	7,000,000	2,000,000
Total Recreation/Environment	**$32,442,872**	**$47,967,179**	**$15,524,307**
Local Health Formula	**$49,488,474**	**$51,082,940**	**$1,594,466**
Disparity Grant	**$132,796,186**	**$138,825,071**	**$6,028,885**
Payments in Lieu of Taxes (PILOT)	$1,013,153	$1,070,492	$57,339
PILOT – Park Service	2,498,953	2,623,953	125,000

Program	FY 2017	FY 2018	Difference
PILOT – Forest Service	479,950	282,898	-197,052
Gaming Impact Grants	66,776,809	91,416,693	24,639,884
Instant Bingo	1,863,242	2,031,606	168,364
Senior Citizens Activities Center	500,000	764,003	264,003
Statewide Voting Systems	5,881,902	4,455,521	-1,426,381
Teachers Retirement Supplemental Grants	27,658,662	27,658,662	0
Neighborhood Revitalization	21,500,000	25,625,000	4,125,000
Total Other Direct Aid	**$128,172,671**	**$155,928,828**	**$27,756,157**
Total Direct Aid	**$6,538,588,142**	**$6,727,938,083**	**$189,349,941**
Retirement – Teachers	$786,950,016	$734,454,251	-$52,495,765
Retirement – Libraries	20,883,337	20,338,949	-544,388
Retirement – Community Colleges	46,458,676	44,616,771	-1,841,905
Total Payments-in-behalf	**$854,292,029**	**$799,409,971**	**-$54,882,058**
Total State Aid	**$7,392,880,171**	**$7,527,348,054**	**$134,467,883**

ESOL: English for Speakers of Other Languages
SEED: School for Education Evolution and Development

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 $7,012, an increase of 0.7%, 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 852,520 students. Enrollment for the formula is based on the September 30, 2016 FTE 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 approximately 50.0% of the program's cost. State aid under the foundation program will total $3.0 billion in fiscal 2018, a $43.3 million, or 1.5%, increase from the prior year.

In addition, $46.6 million in supplemental grants will be provided to nine local school systems in fiscal 2018. The supplemental grants were established during the 2007 special session to guarantee increases of at least 1.0% 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 2018 funding of NTI Grants totals $49.2 million, a $9.5 million, or 23.8% increase compared to fiscal 2017. Fiscal 2018 grants are based on an 80.0% phase-in schedule, with the grants being fully funded beginning in fiscal 2019.

Declining Enrollment and Tax Increment Financing Grants: As discussed above, and shown in Exhibit A-3.3, under ***Senate Bill 1024 and House Bill 684***, school systems in 10 counties benefit from $17.2 million in declining enrollment grants in fiscal 2018. Chapter 258 of 2016 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. 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. Baltimore City receives a grant of $422,100 in fiscal 2018.

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 made 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 $139.1 million in fiscal 2018 from the GCEI formula, an increase of $2.2 million over fiscal 2017.

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 2018, representing a $3.6 million, or 0.3%, decrease versus the prior year due to declining enrollment. The student enrollment count used for the program totals 369,210.

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 106,058. State formula funding for public special education programs will total $284.9 million in fiscal 2018, representing a $5.3 million, or a 1.9%, increase over the prior year. Funding for nonpublic placements totals $123.6 million in fiscal 2018, an increase of $2.0 million. The costs for these students, who are placed in nonpublic day or residential facilities, are shared by the local school system and the State. The local school system contributes an amount equal to the local share of the basic cost of educating a child without disabilities plus two times the total basic cost. Any costs above this are split 70.0% State/30.0% local.

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 2018 State budget includes $250.6 million for regular transportation services and $25.7 million for special transportation services. This represents a $5.5 million, or 2%, 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 $248.7 million in fiscal 2018, representing a $21.7 million, or 9.5%, increase over the prior year due to enrollment increases. The number of LEP students totals 69,079 for the 2016-2017 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% 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% of the per pupil foundation amount. Nine local school systems will qualify for grants totaling $50.3 million in fiscal 2018, a decrease of $4.2 million.

Innovative Programs: The Governor's plan for the fiscal 2018 budget would have provided no funding for the Public School Opportunities Enhancement Program, the Next Generation Scholars of Maryland Program, the Early College Innovative Fund, and the Robotics

Grant Program. The General Assembly restored much of this funding, as described below. Also, the General Assembly reduced from $336,600 to $236,600 the Governor's planned funding for the LYNX (Linking Youth to New eXperiences) initiative, which provides individualized, self-directed learning opportunities for certain Frederick County high school students.

The Public School Opportunities Enhancement Program helps to expand or create extended day and summer enhancement programs and to assist in expanding or supporting existing educational programming during the school day. The General Assembly restored $2.5 million of the mandated $7.5 million in annual funding for fiscal 2018. The fiscal 2018 budget includes full funding ($250,000) for the Robotics Grant Program, which provides grants to public schools and nonprofit robotics clubs to support existing robotics programs and increase the number of robotics programs in the State.

The Next Generation Scholars of Maryland Program assists students in school systems in which at least 50% of the students are from low-income families. Mentorship, graduation guidance, and an intensive summer bridge program are provided to specified students eligible for the Guaranteed Access scholarship for qualified low-income students to attend an institution of higher education. The General Assembly restored $4.7 million out of the required $5.0 million, while redirecting the remaining $300,000 to the Early College Innovative Fund, which assists early college high schools that allow students to earn an associate's degree or credential alongside a high school diploma.

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 BRFA of 2011 authorized mandated funding to be provided in the operating or capital budget. The General Assembly restricted $6.1 million in fiscal 2017 general funds for the program, but the Governor chose not to provide funding in that year. The fiscal 2018 budget includes $6.1 million in bond funding for the program.

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 2018 State budget includes $10.6 million for Judy Hoyer programs and $1.8 million for Head Start programs.

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 2018, the same annual amount that has been provided since fiscal 2009.

Teacher Development: Funds for Quality Teacher Incentives are used to recruit and retain quality teachers by providing stipends to teachers achieving the National Board of Certification

(NBC). The BRFA of 2017 reduces the maximum State match for stipends for teachers who hold NBC and work in a comprehensive needs school from $4,000 to $2,000 in fiscal 2018. The BRFA of 2017 also reduces the State match of stipends for specified Anne Arundel County Public Schools classroom teachers from a maximum of $1,500 per teacher to $750 in fiscal 2018.

Chapter 740 of 2016 established the Teacher Induction, Retention, and Advancement Pilot Program for first-year teachers. The pilot program, in effect through fiscal 2022, is to afford first-year teachers and experienced mentor teachers selected by their local school systems more time on specified professional development activities. Any costs incurred must be borne 80% by the State (up to $5.0 million annually). The BRFA of 2017 reduces the funding level in fiscal 2018 from $5.0 million to $2.1 million. The fiscal 2018 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 additional NBC 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 2018 State budget includes $11.2 million for food and nutrition services, level with the prior year.

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 GED tests or the National External Diploma Program. The State budget includes $8 million for adult education programs in fiscal 2018, level with fiscal 2017 funding.

School-based Health Centers: The fiscal 2018 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 2018 funding remains level at $4.6 million.

Prekindergarten Funding: 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 $8.0 million for the grant program in fiscal 2018, an increase of $3.7 million over the prior year. Also, in fiscal 2018, Baltimore City as well as Garrett, Kent, and Somerset counties receive prekindergarten supplemental grants totaling $10.9 million.

Teachers' Retirement Payments: State retirement costs for public school teachers and other professional public school personnel will total an estimated $734.5 million in fiscal 2018, representing a $52.5 million (6.7%) decrease. This decrease is largely attributed to the one-time addition of $19.7 million in fiscal 2017 under Senate Bill 1001 and the elimination of the sweeper provision in fiscal 2018 only under the BRFA of 2017; both provisions are discussed above.

Local Libraries

Under Chapters 714 and 715 of 2016, the Governor must provide $3 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.

Chapter 549 of 2016 accelerated 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.

Library Aid 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 is set at $15.00 for fiscal 2018 and is scheduled to increase to $16.70 annually, beginning in fiscal 2022. Fiscal 2018 funding totals $37.7 million, a $1.3 million increase compared to fiscal 2017. In addition, Baltimore City will receive $3.0 million to support expanded operations throughout the library system.

State Library Network: The State provides funds to libraries designated as resource centers, including the State Library Resource Center 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. Per resident funding for regional resource centers is set at $7.55 in fiscal 2018 and will phase up to $8.75 per resident by fiscal 2022. Fiscal 2018 State library network funding totals $17.7 million, an increase of $690,500 over fiscal 2017.

Retirement Payments: The State pays 100% of the retirement costs for local library employees. Fiscal 2018 funding totals $20.3 million, a decrease of $544,400 compared to fiscal 2017.

Community Colleges

Senator John A. Cade Formula Funding: The Cade funding formula aid is based on a percentage (21% in fiscal 2018) 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 2018 funding totals $235.2 million, an increase of $779,600 over fiscal 2017 funding.

Special Programs: The fiscal 2018 budget includes $4 million for one-time supplemental grants to community colleges. This funding is to be divided among all 16 community colleges based on Cade funding formula-eligible enrollment. To be eligible, the Maryland Higher Education Commission must first determine that the institution has not raised its tuition by more than 2% for the 2017-2018 academic year. To the extent that any institutions are not eligible, the total funding is to be redistributed to other (eligible) institutions.

State funding in fiscal 2018 will total $4.1 million for the small college grants and $600,000 for the Allegany/Garrett counties unrestricted grants. ***Senate Bill 521*** ***(passed)*** increases unrestricted grants to small colleges by approximately $1.7 million annually, beginning in fiscal 2019. Funding for statewide and regional programs will total $6.4 million. The English as a Second Language Program will receive $5.5 million, nearly level with the prior year.

Retirement Payments: Fiscal 2018 funding totals $44.6 million, a decrease of $1.8 million compared to fiscal 2017. However, State funding for the optional retirement program will increase by $455,000 to a total of $17.3 million in fiscal 2018.

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. ***House Bill 152***, the BRFA of 2017, level funds the local health formula amount at the fiscal 2017 levels. However, the legislation allows for increases for contractual health insurance costs in certain counties so that total fiscal 2018 funding is $51.1 million, an increase of $1.6 million, over the fiscal 2017 amount.

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 2018, $140.8 million (7.7% of HUR) is distributed to Baltimore City; $27.4 million (1.5%) is distributed to counties; and $7.3 million (0.4%) is distributed to municipalities, for a total of $175.5 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 and 2017 budgets included a total of $25.0 million for transportation grants to Baltimore City, counties, and municipalities. The fiscal 2018 State budget increases the funding for these special grants to $38.4 million – $5.5 million for Baltimore City, $12.8 million for counties, and $20.1 million for municipalities. State funding for elderly/disabled transportation grants will total $4.3 million in fiscal 2018, while State funding for paratransit grants will total $1.7 million.

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% 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. Cost containment also factors into the fiscal 2018 funding as the BRFA of 2017, ***House Bill 152***, level funds the fiscal 2018 police aid formula at the fiscal 2017 level of $73.7 million.

Targeted Public Safety Grants: State funding for targeted public safety grants will total $26.6 million in fiscal 2018, representing a $4.3 million increase from the prior year. This funding includes $9.9 million in targeted grants for Baltimore City and $3.5 million in targeted grants for Prince George's County. This funding also includes $9.9 million for several statewide initiatives (*i.e.*, Safe Streets Program, 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 body armor grants). Two new initiatives will provide funding in fiscal 2018 for the Internet Crimes Against Children Task Force and the Community Program Fund.

Chapter 516 of 2016 established the Internet Crimes Against Children Task Force Fund administered by the Executive Director of the Governor's Office of Crime Control and Prevention (GOCCP) to (1) 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; (2) support the ongoing operations of the task force established by the Department of State Police; and (3) provide funding to specified child advocacy centers. Chapter 516 requires the Governor to include in the annual budget bill an appropriation of not less than $2 million to the fund beginning in fiscal 2018. The fiscal 2018 budget includes $2 million for the fund.

Chapter 519 of 2016 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 GOCCP 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. The fiscal 2018 budget includes $500,000 for the fund.

In addition, $2 million is provided in fiscal 2018 to the Baltimore City State's Attorney Office to assist in the prosecution of gun offenses and repeat violent offenders.

Vehicle Theft Prevention: 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 2018, the same amount as in fiscal 2017.

Fire, Rescue, and Ambulance Service: 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. Fiscal 2018 funding totals $15.0 million, which is the same as the fiscal 2017 amount.

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 2018, level with fiscal 2017 funding.

Program Open Space (POS): 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. Chapter 10 of 2016 altered the local share of POS funding beginning in fiscal 2018. The legislation allocated an additional $11.0 million to local funding for fiscal 2018. 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. In fiscal 2018, the POS formula allocates $37.2 million to the counties, which is an increase of $15.5 million over the fiscal 2017 amount. In addition, Baltimore City will receive $3.5 million in special POS funding.

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 2017, Forest Service payments to local governments total $480,000 and Park Service payments to local governments total $2.5 million. In fiscal 2018, Forest Service payments to local governments total $282,900 and Park Service payments to local governments total $2.6 million.

Senate Bill 273 ***(passed)*** establishes a State Forest, State Park, and Wildlife Management Area Revenue Equity Program to make annual payments, beginning in fiscal 2019, to counties that have a certain amount of State forests, State parks, and wildlife management areas that are exempt from property tax. The annual payment to each county is equal to the county's property tax rate multiplied by the assessed value, as determined by the State Department of Assessments and Taxation, of the State forests, State parks, and wildlife management areas in the county that are exempt from property tax. The payments replace payments in lieu of taxes payments in the affected counties. It is estimated that net payments to the affected counties (Allegany, Garrett, and Somerset) will increase by approximately $1.7 million annually beginning in fiscal 2019.

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 million in fiscal 2017. The fiscal 2018 budget includes an additional $2 million in funding for a total of $7 million in fiscal 2018.

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 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% 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 included $500,000 for the fund. Chapter 17 of 2016 increased, from $500,000 to $750,000, the required annual appropriation to the Senior Citizen Activities Center Operating Fund beginning in fiscal 2018, required additional expenditures under specified circumstances, and altered how the funds are distributed to counties within the State. The fiscal 2018 budget includes $764,000 for the program.

Gaming Impact Grants: From the proceeds generated by video lottery terminals at video lottery facilities in the State, generally 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. 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. In addition, 5.0% of table game revenues are distributed to local jurisdictions where a video lottery facility is located. Gaming impact grants total $91.4 million in fiscal 2018, an increase of $24.6 million, or 36.9%, over fiscal 2017 levels, due to the opening of a casino in Prince George's County in December 2016.

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 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 set at 3.2%. The fiscal 2017 budget included $136.7 million in disparity grant funding; however, the Board of Public Works reduced total disparity grant funding to $132.8 million for fiscal 2017.

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 2018. Chapter 738 of 2016 altered 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. However, ***House Bill 152***, modifies the formula by lowering the minimum grant amount (funding floor) from 67.5% to 63.75% of the formula calculation for fiscal 2018. Due to this action, funding for disparity grants will total $138.8 million in fiscal 2018.

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.

Neighborhood Revitalization: Chapter 30 of 2016 required the Governor to include $25.6 million in the State budget for fiscal 2018 and $28.5 million in fiscal 2019 for the Strategic Demolition Fund. Of this amount, $3.5 million is targeted to projects outside of Baltimore City, and the remainder is targeted for projects within Baltimore City ($22.1 million in fiscal 2018 and $25.0 million in fiscal 2019). The Strategic Demolition Fund provides funding to assist with demolition, land assembly, housing development or redevelopment, and revitalization. Funding is awarded on a competitive basis to local governments and community development organizations. The program seeks to accelerate economic development, job creation, and smart growth in existing Maryland communities.

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 2018 State budget includes $6.7 billion to fund these programs. Part A, Section 1 of each county's statistical tables compares aid distributed to the county in fiscal 2017 and 2018.

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 $799.4 million in fiscal 2018. 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 2018 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. In addition, the Medicaid program provides funding for medical services for low-income persons. General fund spending totals $4.1 billion statewide for these programs in fiscal 2018. In addition, $80.4 million in special funds, primarily from the Cigarette Restitution Fund, will also be spent on these programs in fiscal 2018. Special funds in the Medicaid program are expected to total $968.0 million in fiscal 2018. 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 three 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 2018 budget includes $668.0 million in general funds and $32.9 million in special funds for these programs. In addition, the budget includes $948.8 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 2018 funding for these programs totals $49.4 million in general funds, of which $28.0 million is operating support for the Prince George's Hospital System. Additional funding comes from $168.8 million in federal funds, much of which is for the Supplemental Nutrition Program for Women, Infants, and Children, and $47.5 million from the Cigarette Restitution Fund for tobacco use prevention and cessation and for cancer prevention and screening at the local level.

- ***Medicaid:*** The Medical Assistance Program funds medical services for low-income Marylanders. The program covers physician services, hospital inpatient and outpatient services, long-term care services, and pharmacy services. Medicaid funding for mental health services is included under the Behavioral Health Services category. The fiscal 2018 funding for the Medicaid program totals $2.7 billion in general funds, $968.0 million in special funds, and $6.1 billion 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 2018 budget includes $599.8 million in general funds and $498.3 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 2018 estimates of funding for those programs that are available by subdivision. Note that fiscal 2018 funding for homeless services, women's services, foster care, and temporary cash assistance is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2017 funding and may change.

- ***Homeless Services:*** The State funds programs that 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 2018 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 2018 funding for these programs equals $4.9 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 2018 budget includes $10.2 million in general funds and $35.5 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 2018 budget includes $174.7 million in general funds and $59.7 million in federal funds.

- ***Foster Care:*** The foster care program places children who cannot remain in the care of their parents or legal guardian in alternate settings. The program includes payments to foster family homes, group homes, and residential facilities for neglected children. The fiscal 2018 budget includes $184.5 million in general fund spending for the program along with $73.8 million in federal funds.

- ***Temporary Cash Assistance (TCA):*** The TCA program provides financial assistance to dependent children and other family members deprived of support due to the death, incapacitation, underemployment, or unemployment of one or both parents. The fiscal 2018 budget anticipates general fund spending of $22.2 million for this program along with $86.9 million of 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 2018 funding is $14.7 million in general funds and $27.3 million in federal funds. In this report, the fiscal 2018 general funds are allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2017 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 2018 funding is $10.1 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 2018 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 2018 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 2018. 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 2018 budget includes $285.0 million in funding for local school construction. As of the publication of this report, $213.8 million of the total funding has been allocated to specific projects. These projects are listed in Part C for each county, but the allocation of school construction funding will not be finalized until May 2017. Therefore, the school construction projects funded and/or the amount of the funding for specific projects could change.

In addition, the capital budget includes $62.5 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 five qualifying school systems will receive in fiscal 2018.

Capital Projects for State Facilities Located in the County: Part D for each county shows capital projects, authorized by the fiscal 2018 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 2018, 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 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$41,280	$41,582	$302	0.7%
Compensatory Education	21,641	21,569	-72	-0.3%
Student Transportation	4,647	4,654	7	0.2%
Special Education	7,639	7,646	7	0.1%
Limited English Proficiency Grants	76	93	18	23.3%
Guaranteed Tax Base	3,652	4,021	369	10.1%
Declining Enrollment Grants	0	793	793	n/a
Adult Education	221	221	0	0.0%
Aging Schools	0	98	98	n/a
Other Education Aid	732	679	-53	-7.2%
Primary & Secondary Education	***$79,887***	***$81,357***	***$1,470***	***1.8%***
Libraries	$762	$787	$26	3.4%
Community Colleges	6,245	6,215	-31	-0.5%
Health Formula Grant	1,408	1,636	228	16.2%
Transportation[1]	2,003	2,185	182	9.1%
Police and Public Safety[1]	867	867	0	0.0%
Fire and Rescue Aid[1]	348	336	-12	-3.5%
Recreation and Natural Resources	240	411	171	71.6%
Disparity Grant	7,299	7,299	0	0.0%
Teachers Retirement Supplemental Grant	1,632	1,632	0	0.0%
Gaming Impact Aid	1,598	1,817	219	13.7%
Other Direct Aid	285	259	-26	-9.2%
Total Direct Aid	**$102,573**	**$104,801**	**$2,227**	**2.2%**
Aid Per Capita ($)	$1,422	$1,453	$31	2.2%
Property Tax Equivalent ($)	2.64	2.70	0.06	2.1%

[1] 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 2018 State payments for Allegany County for teachers, librarians, and community college faculty are estimated to be $8,872,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$70,070,000
Family Health and Chronic Disease	824,000
Developmental Disabilities	14,418,000
Behavioral Health Services	13,070,000
Social Services	
Homeless Services	69,000
Women's Services	258,000
Adult Services	176,000
Child Welfare Services	3,431,000
Foster Care	2,105,000
Temporary Cash Assistance	408,000
Senior Citizen Services	
Long-term Care	192,000
Community Services	82,000

C. Selected State Grants for Capital Projects

Public Schools*

Allegany High School – construction	$7,500,000
Mt. Savage Elementary/Middle School – renovations (roof)	200,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Allegany Community College

Technology Building – ADA and HVAC upgrades	2,487,000

Community Parks and Playgrounds

Creekside Park Playground	174,000
Cumberland and Allegany College Softball Field	120,000

Water Supply Financial Assistance Program

Willowbrook – water line replacement	188,000

Mining Remediation Program

Matthew Run – acid mine drainage remediation	500,000

Other Projects

Allegany County Animal Shelter	500,000
Coal Miner Memorial Statue	75,000
Cumberland Economic Development Corporation – redevelopment plan	500,000
Cumberland YMCA Youth Center	75,000
Western Maryland Scenic Railroad	400,000

D. Capital Projects for State Facilities in the County

Maryland State Police

Cumberland Barrack and Garage	$360,000

Department of Natural Resources

Rocky Gap State Park – ADA walkway construction	175,000
Rocky Gap State Park – dam repairs	500,000

Maryland Environmental Service

Rocky Gap State Park – wastewater treatment plant improvements	700,000

University System of Maryland

Frostburg State – Education Professions and Health Sciences Center	1,000,000
Frostburg State – five dorm renovation	5,700,000
Frostburg State – residence hall construction	14,974,000

Anne Arundel County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$211,087	$212,770	$1,683	0.8%
Compensatory Education	68,811	67,087	-1,724	-2.5%
Student Transportation	23,300	23,828	528	2.3%
Special Education	27,088	28,745	1,657	6.1%
Limited English Proficiency Grants	11,063	12,734	1,671	15.1%
Geographic Cost of Education Index	9,784	9,948	164	1.7%
Adult Education	300	300	0	0.0%
Aging Schools	0	506	506	n/a
Other Education Aid	1,968	3,134	1,166	59.2%
Primary & Secondary Education	***$353,401***	***$359,052***	***$5,650***	***1.6%***
Libraries	$2,194	$2,252	$58	2.7%
Community Colleges	31,000	31,335	335	1.1%
Health Formula Grant	4,171	4,171	0	0.0%
Transportation[1]	5,206	5,895	689	13.2%
Police and Public Safety[1]	8,809	8,809	0	0.0%
Fire and Rescue Aid[1]	1,242	1,234	-7	-0.6%
Recreation and Natural Resources	2,549	4,373	1,824	71.6%
Gaming Impact Aid	24,867	30,076	5,209	20.9%
Other Direct Aid[1]	353	357	4	1.2%
Total Direct Aid	**$433,791**	**$447,554**	**$13,763**	**3.2%**
Aid Per Capita ($)	$763	$787	$24	3.2%
Property Tax Equivalent ($)	0.52	0.52	0.00	0.0%

[1] 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 2018 State payments for Anne Arundel County for teachers, librarians, and community college faculty are estimated to be $68,476,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$231,966,000
Family Health and Chronic Disease	1,106,000
Developmental Disabilities	49,650,000
Behavioral Health Services	49,423,000
Social Services	
Homeless Services	163,000
Women's Services	399,000
Adult Services	183,000
Child Welfare Services	8,095,000
Foster Care	6,270,000
Temporary Cash Assistance	1,299,000
Senior Citizen Services	
Long-term Care	693,000
Community Services	199,000

C. Selected State Grants for Capital Projects

Public Schools*

Belvedere Elementary School – renovations (roof)	$538,000
Brock Ridge Elementary School – construction	1,566,000
Glen Burnie High School – renovations (boilers)	384,000
High Point Elementary School – construction	4,720,000
Jessup Elementary School – construction	1,000,000
Lindale Middle School – renovations (boilers)	448,000
Manor View Elementary School – construction	2,547,952
Marley Elementary School – construction	803,000
Meade Middle School – renovations (roof)	500,000
Millersville Elementary School – renovations (HVAC/windows)	2,101,000
Park Elementary School – kindergarten addition	1,654,000
Severna Park Elementary School – renovations (boilers)	358,000
Shady Side Elementary School – construction	1,566,000
Shady Side Elementary School – kindergarten addition	1,109,000
Woodside Elementary School – renovations (HVAC)	1,983,000
Supplemental Capital Grant Program for Local School Systems	9,480,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Public Libraries

Annapolis Regional Library – construction	1,000,000

Anne Arundel Community College

Health Sciences and Biology Building – construction	6,843,000

Local Jail Loan

County Central Holding and Processing Center – construction	1,800,000

Community Health Facilities Grant Program

Supported Housing Developers, Inc.	329,000

Chesapeake Bay Water Quality Projects

Mayo WWTP – nutrient removal	1,383,000

Waterway Improvement

Annapolis – public boating facilities improvements	50,000
Broadwater Creek – main channel dredging	526,575
Carrs Creek – main channel dredging	407,500
Parrish Creek – boat ramp and floating pier	250,000

Coastal Resiliency Program

Long View Community – shoreline improvements	15,000

Other Projects

Anne Arundel Health System, Inc.	590,000
Arundel Lodge	60,000
Arundel Volunteer Fire Department Community Center	125,000
Baltimore Washington Medical Center	577,000
Bestgate Park	200,000
Chesapeake Region Accessible Boating, Inc.	75,000
Downs Park Amphitheater	100,000
Fort Meade Kuhn Hall – Resiliency and Education Center	500,000
Hancock's Resolution Visitor Center	250,000
Harambee House Community Outreach Center	50,000
Historic Annapolis, Inc.	1,090,000
Hot Sox Park	200,000
Loopers Field	50,000
Mandrin Inpatient Care Center	100,000
Maryland Hall for the Creative Arts	1,000,000
National Cryptologic Museum	500,000
St. John's College – McDowell Hall	2,700,000
The Arc of the Central Chesapeake Region	200,000
Tick Neck Park	200,000
YWCA Domestic Violence and Trafficking Shelters	400,000

D. Capital Projects for State Facilities in the County

General Government

Annapolis Post Office	$3,738,000
Harriet Tubman and Frederick Douglass Statues	300,000

Department of Natural Resources

Franklin Point State Park – shoreline improvements	120,000

Department of Public Safety and Correctional Services

Jessup Region – electrical infrastructure upgrade	467,000

Maryland Environmental Service

Crownsville – water tower	430,000

Baltimore City

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$403,600	$382,270	-$21,331	-5.3%
Compensatory Education	310,395	297,989	-12,406	-4.0%
Student Transportation	19,413	19,517	104	0.5%
Special Education	66,739	63,001	-3,738	-5.6%
Limited English Proficiency Grants	19,958	22,118	2,159	10.8%
Guaranteed Tax Base	26,158	21,693	-4,465	-17.1%
Declining Enrollment Grants	0	13,546	13,546	n/a
Geographic Cost of Education Index	22,692	22,567	-125	-0.5%
Adult Education	1,789	1,789	0	0.0%
Aging Schools	0	1,388	1,388	n/a
Prekindergarten Supplemental Grants	0	10,174	10,174	n/a
Other Education Aid	3,374	3,586	212	6.3%
Primary & Secondary Education	***$874,118***	***$859,637***	***-$14,481***	***-1.7%***
Libraries	$6,144	$9,250	$3,107	50.6%
Health Formula Grant	8,219	8,219	0	0.0%
Transportation	144,679	146,631	1,951	1.3%
Police and Public Safety	9,851	11,851	2,000	20.3%
Fire and Rescue Aid	1,369	1,367	-1	-0.1%
Recreation and Natural Resources	7,786	7,422	-364	-4.7%
Disparity Grant	78,105	79,052	946	1.2%
Teachers Retirement Supplemental Grant	10,048	10,048	0	0.0%
Gaming Impact Aid	19,762	27,300	7,537	38.1%
Other Direct Aid	18,938	23,120	4,182	22.1%
Total Direct Aid	**$1,179,019**	**$1,183,896**	**$4,877**	**0.4%**
Aid Per Capita ($)	$1,918	$1,926	$8	0.4%
Property Tax Equivalent ($)	2.92	2.99	0.08	2.7%

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 2018 State payments for Baltimore City for teachers and librarians are estimated to be $67,144,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$947,562,000
Family Health and Chronic Disease	5,630,000
Developmental Disabilities	22,523,000
Behavioral Health Services	182,005,000
Social Services	
Homeless Services	1,334,000
Women's Services	784,000
Adult Services	668,000
Child Welfare Services	63,171,000
Foster Care	75,679,000
Temporary Cash Assistance	9,377,000
Senior Citizen Services	
Long-term Care	1,821,000
Community Services	909,000

C. Selected State Grants for Capital Projects

Public Schools*

Baltimore City College High School #480 – renovations (pool)	$240,000
Baltimore Polytechnic Institute #403 – renovations (window A/C units)	649,000
Benjamin Franklin Building #239 – renovations (roof)	1,378,000
Booker T. Washington Building #130 – renovations (roof)	3,020,000
Brehms Lane Elementary School #231 – renovations (roof)	1,987,646
Dallas F. Nicholas, Sr. Elementary School #39 – renovations (HVAC)	128,000
Edmonston High School #400 – renovations (roof/window A/C units)	1,458,000
Frederick Douglass High School #450 – renovations (window A/C units)	762,000
Graceland Park/O'Donnell Heights Elementary/Middle School – construction	5,558,000
Hampstead Hill Academy #47 – renovations (roof)	659,000
Holabird Elementary/Middle School #229 – construction	7,110,000
Lakewood Early Learning Center #86 – renovations (roof/window A/C units)	366,000
Mergenthaler Vocational Technical School – renovations (window A/C units)	936,000
Mt. Washington Elementary/Middle School #221 – renovations (fire safety)	322,000
Reginald F. Lewis High School #419 – renovations (window A/C units)	249,000
Western High School #407 – renovations (window A/C units)	619,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Public Libraries

Hampden Branch Library – renovation	1,000,000

Community Health Facilities Grant Program

People Encouraging People, Inc.	1,279,000
Project PLASE, Inc.	812,000
Tuerk House, Inc.	1,000,000

Strategic Demolition Fund

Project C.O.R.E.	22,125,000

Community Parks and Playgrounds

Violetville Park Playground	177,000

Chesapeake Bay Water Quality Projects

Back River WWTP – nutrient removal	45,956,000

Chesapeake Bay Restoration Fund

Herring Run Sewershed – improvements	9,763,000
High Level Sewershed – improvements	4,849,000
Low Level Sewershed – improvements	5,086,000
Patapsco Sewershed – improvements	10,026,000

Waterway Improvement

Canton Waterfront Park – parking lot improvements	99,000
City Fire Department – purchase fire/rescue boat	15,000
Downtown Sailing Center – improvements	100,000

Hazardous Substance Cleanup Program

1600 Harford Avenue – hazardous waste remediation	200,000
Chemical Metals, Inc. – site #1 hazardous waste remediation	100,000

Other Projects

Baltimore Food Hub	900,000
Baltimore Metropolitan Council	250,000
Baltimore Museum of Art	2,000,000
Baltimore Zoo – infrastructure improvements	4,000,000
BARCO Open Works Project	300,000
Bon Secours Youth Development Center	300,000
Center Stage	2,000,000
Community Empowerment and Wellness Center	125,000
Creative Alliance	125,000
Cross Street Market	200,000
Cylburn Arboretum Carriage House and Nature Museum	200,000
Darley Park Community Park	50,000
Downtown Cultural Art Center	100,000
Hampden Family Center	100,000
Harford Road Assisted Living and Medical Adult Day Care Center	250,000
Historic Diamond Press Building	100,000
Kennedy Krieger Institute	1,000,000
Lexington Market	2,000,000
Manna House	50,000
Maryland Center for Veterans Education and Training	200,000
Maryland School for the Blind – construction	6,000,000
Meals on Wheels	125,000
Most Worshipful Prince Hall Grand Lodge	100,000

National Great Blacks in Wax Museum	200,000
Progressive Education Center	125,000
Rash Field	1,000,000
Roberta’s House	250,000
Ronald McDonald House	1,000,000
Shake and Bake Family Fun Center	20,000
Sinai Hospital	2,000,000
St. Francis Neighborhood Center	55,000
University of Maryland Medical Center – Midtown Campus	577,000
Woodbourne Center	150,000

D. Capital Projects for State Facilities in the City

Department of Juvenile Services

Baltimore City Juvenile Justice Center – expansion	$758,000

Department of Public Safety and Correctional Services

Baltimore City Detention Center – demolition	2,200,000

Department of Education

State Library Resource Center – renovation	32,028,000

Morgan State University

Jenkins Behavioral and Social Sciences Center	2,105,000
Student Services Support Building	8,255,000

University System of Maryland

Baltimore – electric substation and electrical infrastructure	2,890,000
Baltimore – Health Sciences Research Facility	3,600,000
Baltimore – Interprofessional Education Center	5,300,000
Coppin State – Percy Julian School of Business and Graduate Studies	1,336,000
University of Baltimore – Langsdale Library renovation	3,750,000

Other

University of Maryland Medical System – neonatal intensive care unit	10,000,000
University of Maryland Medical System – shock trauma center	1,600,000

Baltimore County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$382,871	$394,059	$11,188	2.9%
Compensatory Education	146,226	146,943	717	0.5%
Student Transportation	30,501	31,453	953	3.1%
Special Education	52,923	55,630	2,706	5.1%
Limited English Proficiency Grants	14,895	19,213	4,318	29.0%
Geographic Cost of Education Index	5,967	6,066	99	1.7%
Adult Education	504	504	0	0.0%
Aging Schools	0	874	874	n/a
Other Education Aid	4,219	5,009	790	18.7%
Primary & Secondary Education	***$638,106***	***$659,752***	***$21,646***	***3.4%***
Libraries	$5,687	$5,971	$284	5.0%
Community Colleges	43,620	43,622	2	0.0%
Health Formula Grant	5,421	5,421	0	0.0%
Transportation	5,178	6,450	1,272	24.6%
Police and Public Safety	12,763	12,763	0	0.0%
Fire and Rescue Aid	1,732	1,730	-2	-0.1%
Recreation and Natural Resources	2,884	4,947	2,064	71.6%
Teachers Retirement Supplemental Grant	3,000	3,000	0	0.0%
Other Direct Aid	177	209	32	18.2%
Total Direct Aid	**$718,568**	**$743,865**	**$25,298**	**3.5%**
Aid Per Capita ($)	$865	$895	$30	3.5%
Property Tax Equivalent ($)	0.88	0.88	0.00	0.0%

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 2018 State payments for Baltimore County for teachers, librarians, and community college faculty are estimated to be $95,228,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$527,499,000
Family Health and Chronic Disease	1,941,000
Developmental Disabilities	153,734,000
Behavioral Health Services	80,424,000
Social Services	
Homeless Services	246,000
Women's Services	876,000
Adult Services	2,160,000
Child Welfare Services	12,870,000
Foster Care	22,341,000
Temporary Cash Assistance	2,663,000
Senior Citizen Services	
Long-term Care	1,465,000
Community Services	321,000

C. Selected State Grants for Capital Projects

Public Schools*

Arbutus Middle School – renovations (air conditioning)	$1,037,000
Battle Grove Elementary School – renovations (air conditioning)	1,226,000
Charlesmont Elementary School – renovations (air conditioning)	961,000
Church Lane Elementary School – renovations (air conditioning)	961,000
Franklin High School – renovations (air conditioning)	2,857,000
Golden Ring Middle School – renovations (air conditioning)	1,859,000
Kenwood High School – renovations (air conditioning)	4,298,000
Lansdowne Elementary School – construction	2,000,000
Middle River Middle School – renovations (air conditioning)	1,985,000
Orems Elementary School – renovations (air conditioning)	961,000
Padonia International Elementary School – construction	1,569,000
Reisterstown Elementary School – renovations (air conditioning)	961,000
Southwest Academy – renovations (air conditioning)	1,340,000
Stemmers Run Middle School – renovations (air conditioning)	2,554,000
Victory Villa Elementary School – construction	2,000,000
Supplemental Capital Grant Program for Local School Systems	12,342,000
Additional funding for Baltimore County**	5,000,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.
** The fiscal 2018 capital budget restricted $5 million for Baltimore County to replace funds withheld by the Board of Public Works in fiscal 2017.

Baltimore Community College

Essex – Health Careers and Technology Building renovation and expansion	5,000,000
Essex – Wellness and Athletics Center addition	230,000
Systemwide – roof replacements	350,000

Chesapeake Bay Water Quality Projects

Back River WWTP – nutrient removal	45,956,000

Waterway Improvement

Bird River and Railroad Creek – main channel dredging	740,000
Middle River Volunteer Fire & Rescue Company – fire/rescue boat/trailer	45,000

Other Projects

Bais Yaakov Middle School	100,000
Camp Puh'tok	100,000
Community College of Baltimore County – Catonsville artificial turf field	250,000
Deer Park Middle School – infrastructure improvements	80,000
Double Rock Park	250,000
Franklin High School – infrastructure improvements	250,000
Goucher College – Science Building	4,000,000
Jewish Teen Advancement Program, Inc.	100,000
Liberty Community Development Youth Center	250,000
Maryland Council for Special Equestrians, Inc.	120,000
Maryland State Fairgrounds	500,000
Medstar Franklin Square Hospital	2,000,000
Morning Star Family Life Center	150,000
National Center on Institutions and Alternatives	200,000
Ner Israel Rabbinical College	190,000
Perry Hall High School – stadium turf field	150,000
Phoenix Wildlife Center	100,000
Project Genesis: New Beginnings, Inc. Community Center	200,000
Randallstown High School – infrastructure improvements	20,000
St. Luke's United Methodist Church Fellowship Hall	200,000
Stella Maris Transitional Care Center	250,000
Stevenson University – Rosewood environmental abatement	5,000,000
Towson High School – stadium bleachers	30,000
University of Maryland St. Joseph Medical Center	420,000
White Marsh Volunteer Fire Company	75,000

D. Capital Projects for State Facilities in the County

General Government

Catonsville District Court	$18,880,000

Department of Natural Resources

Gunpowder Falls State Park – Dundee Creek Marina	80,000

Maryland Environmental Service

Camp Fretterd – water/wastewater/distribution systems upgrades	1,328,000

Military

Camp Fretterd Military Reservation – access control complex (federal funds)	2,530,000

Maryland Department of Veterans Affairs

Garrison Forest Veterans Cemetery – expansion (federal funds)	7,720,000

University System of Maryland

Baltimore County – Event Center	11,000,000
Baltimore County – Interdisciplinary Life Sciences Building	40,249,000
Towson University – practice field improvements	300,000
Towson University – Prettyman and Scarborough Halls air conditioning	500,000
Towson University – residence tower renovation	10,000,000
Towson University – Science Facility	26,000,000
Towson University – University Union addition and renovation	39,200,000

Calvert County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$58,489	$57,676	-$813	-1.4%
Compensatory Education	10,369	9,899	-469	-4.5%
Student Transportation	5,736	5,815	78	1.4%
Special Education	4,778	4,895	117	2.4%
Limited English Proficiency Grants	471	393	-78	-16.5%
Declining Enrollment Grants	0	240	240	n/a
Geographic Cost of Education Index	2,277	2,284	7	0.3%
Adult Education	270	270	0	0.0%
Aging Schools	0	38	38	n/a
Other Education Aid	733	785	51	7.0%
Primary & Secondary Education	***$83,124***	***$82,295***	***-$829***	***-1.0%***
Libraries	$425	$450	$25	5.8%
Community Colleges	2,629	2,691	62	2.4%
Health Formula Grant	603	690	88	14.5%
Transportation[1]	1,270	1,480	210	16.5%
Police and Public Safety[1]	791	791	0	0.0%
Fire and Rescue Aid[1]	300	300	0	0.0%
Recreation and Natural Resources	253	433	181	71.6%
Other Direct Aid	1,868	2,058	190	10.2%
Total Direct Aid	**$91,262**	**$91,188**	**-$74**	**-0.1%**
Aid Per Capita ($)	$1,000	$999	-$1	-0.1%
Property Tax Equivalent ($)	0.73	0.72	-0.01	-1.1%

[1] 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 2018 State payments for Calvert County for teachers, librarians, and community college faculty are estimated to be $13,883,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$36,874,000
Family Health and Chronic Disease	513,000
Developmental Disabilities	4,536,000
Behavioral Health Services	6,305,000
Social Services	
Homeless Services	37,000
Women's Services	260,000
Adult Services	80,000
Child Welfare Services	1,409,000
Foster Care	2,473,000
Temporary Cash Assistance	103,000
Senior Citizen Services	
Long-term Care	126,000
Community Services	25,000

C. Selected State Grants for Capital Projects

<u>Public Schools</u>*	
Northern High School – construction	$8,000,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

<u>College of Southern Maryland</u>	
Hughesville – Health Sciences Center	1,671,000
<u>Local Jail Loan</u>	
County Detention Center – site and security improvements	508,000
<u>Chesapeake Bay Water Quality Projects</u>	
Solomons WWTP – nutrient removal	250,000
<u>Chesapeake Bay Restoration Fund</u>	
Solomons WWTP – enhanced nutrient removal	4,000,000
<u>Waterway Improvement</u>	
North Beach Volunteer Fire Department – purchase fire/rescue boat	50,000
<u>Other Projects</u>	
End Hunger In Calvert County, Inc.	50,000

D. Capital Projects for State Facilities in the County

<u>Department of Natural Resources</u>	
Hallowing Point State Park – boating facility improvements	$75,000

Caroline County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$27,926	$29,000	$1,074	3.8%
Compensatory Education	14,519	15,177	658	4.5%
Student Transportation	2,657	2,701	44	1.7%
Special Education	2,697	2,803	106	3.9%
Limited English Proficiency Grants	2,115	2,109	-6	-0.3%
Guaranteed Tax Base	1,240	1,576	336	27.1%
Aging Schools	0	50	50	n/a
Other Education Aid	731	1,402	671	91.7%
Primary & Secondary Education	***$51,885***	***$54,818***	***$2,933***	***5.7%***
Libraries	$286	$300	$15	5.2%
Community Colleges	1,592	1,572	-20	-1.2%
Health Formula Grant	726	761	35	4.8%
Transportation[1]	1,075	1,078	3	0.2%
Police and Public Safety[1]	341	341	0	0.0%
Fire and Rescue Aid[1]	310	309	0	0.0%
Recreation and Natural Resources	112	192	80	71.6%
Disparity Grant	2,132	2,132	0	0.0%
Teachers Retirement Supplemental Grant	685	685	0	0.0%
Other Direct Aid	67	62	-5	-7.0%
Total Direct Aid	**$59,210**	**$62,251**	**$3,041**	**5.1%**
Aid Per Capita ($)	$1,802	$1,895	$93	5.1%
Property Tax Equivalent ($)	2.28	2.40	0.12	5.1%

[1] 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 2018 State payments for Caroline County for teachers, librarians, and community college faculty are estimated to be $4,711,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$30,330,000
Family Health and Chronic Disease	542,000
Developmental Disabilities	5,667,000
Behavioral Health Services	5,078,000
Social Services	
Homeless Services	63,000
Women's Services	21,000
Adult Services	84,000
Child Welfare Services	1,360,000
Foster Care	954,000
Temporary Cash Assistance	146,000
Senior Citizen Services	
Long-term Care	377,000
Community Services	121,000

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

C. Selected State Grants for Capital Projects

Public Schools*

Colonel Richardson High School – renovations (roof)	$1,646,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Chesapeake College

Todd Performing Arts Center – chiller and roof replacement	646,000

Chesapeake Bay Water Quality Projects

Preston WWTP – nutrient removal	250,000

Chesapeake Bay Restoration Fund

Preston WWTP – enhanced nutrient removal	1,943,000

Waterway Improvement

Choptank Marina – service pier improvements	99,000

Other Projects

Benedictine School	300,000

Carroll County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$96,785	$91,804	-$4,981	-5.1%
Compensatory Education	14,460	14,379	-81	-0.6%
Student Transportation	9,780	9,864	84	0.9%
Special Education	10,437	10,640	203	1.9%
Limited English Proficiency Grants	907	966	60	6.6%
Declining Enrollment Grants	0	1,606	1,606	n/a
Geographic Cost of Education Index	2,453	2,441	-13	-0.5%
Adult Education	148	148	0	0.0%
Aging Schools	0	137	137	n/a
Other Education Aid	856	1,121	265	31.0%
Primary & Secondary Education	***$135,825***	***$133,106***	***-$2,720***	***-2.0%***
Libraries	$956	$995	$38	4.0%
Community Colleges	8,661	8,667	6	0.1%
Health Formula Grant	1,667	1,702	35	2.1%
Transportation[1]	2,995	3,392	398	13.3%
Police and Public Safety[1]	1,594	1,594	0	0.0%
Fire and Rescue Aid[1]	389	388	0	-0.1%
Recreation and Natural Resources	572	982	410	71.6%
Other Direct Aid	17	17	0	-1.8%
Total Direct Aid	**$152,676**	**$150,843**	**-$1,833**	**-1.2%**
Aid Per Capita ($)	$911	$900	-$11	-1.2%
Property Tax Equivalent ($)	0.80	0.77	-0.03	-3.4%

[1] 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 2018 State payments for Carroll County for teachers, librarians, and community college faculty are estimated to be $20,732,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$71,528,000
Family Health and Chronic Disease	572,000
Developmental Disabilities	13,878,000
Behavioral Health Services	13,218,000
Social Services	
Homeless Services	60,000
Women's Services	158,000
Adult Services	72,000
Child Welfare Services	2,531,000
Foster Care	2,219,000
Temporary Cash Assistance	193,000
Senior Citizen Services	
Long-term Care	259,000
Community Services	88,000

C. Selected State Grants for Capital Projects

Public Schools*

Carrolltowne Elementary School – renovations (roof)	$833,000
Robert Moton Elementary School – renovations (roof)	539,000
Runnymede Elementary School – renovations (roof)	1,012,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Public Libraries

Westminster Library – renovation	187,000

Senior Centers Grant Program

Taneytown Senior Center	146,000

Community Parks and Playgrounds

Watkins Park Tennis Court	6,000

Other Projects

Boys and Girls Club of Westminster	80,000
Carroll County Public Safety Training Center	1,650,000
Carroll Hospital Center	524,000
McDaniel College – Gill Physical Education Learning Center	3,000,000
Mt. Airy Caboose and Visitor Center Pavilion	25,000
Union Mills Homestead	100,000

D. Capital Projects for State Facilities in the County

Maryland Environmental Service

Juvenile Services Female Detention Center – water and sewer utilities	$2,438,000

Military

Freedom Readiness Center	214,000
Freedom Readiness Center (federal funds)	19,000,000

Cecil County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$66,057	$66,777	$720	1.1%
Compensatory Education	24,256	24,229	-27	-0.1%
Student Transportation	5,192	5,226	33	0.6%
Special Education	8,219	8,313	94	1.1%
Limited English Proficiency Grants	881	949	68	7.7%
Guaranteed Tax Base	912	1,293	381	41.8%
Declining Enrollment Grants	0	190	190	n/a
Adult Education	98	98	0	0.0%
Aging Schools	0	96	96	n/a
Other Education Aid	792	908	116	14.6%
Primary & Secondary Education	***$106,407***	***$108,079***	***$1,672***	***1.6%***
Libraries	$763	$805	$42	5.4%
Community Colleges	6,191	6,156	-34	-0.6%
Health Formula Grant	1,124	1,159	35	3.1%
Transportation[1]	1,639	1,864	225	13.7%
Police and Public Safety[1]	995	995	0	0.0%
Fire and Rescue Aid[1]	311	312	2	0.6%
Recreation and Natural Resources	295	506	211	71.6%
Disparity Grant	315	511	196	62.4%
Gaming Impact Aid	3,965	4,155	191	4.8%
Other Direct Aid	104	76	-28	-26.9%
Total Direct Aid	**$122,108**	**$124,619**	**$2,511**	**2.1%**
Aid Per Capita ($)	$1,190	$1,215	$24	2.1%
Property Tax Equivalent ($)	1.25	1.26	0.01	0.7%

[1] 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 2018 State payments for Cecil County for teachers, librarians, and community college faculty are estimated to be $13,657,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$68,529,000
Family Health and Chronic Disease	567,000
Developmental Disabilities	8,150,000
Behavioral Health Services	10,801,000
Social Services	
Homeless Services	54,000
Women's Services	91,000
Adult Services	97,000
Child Welfare Services	3,091,000
Foster Care	4,598,000
Temporary Cash Assistance	512,000
Senior Citizen Services	
Long-term Care	157,000
Community Services	51,000

C. Selected State Grants for Capital Projects

Public Schools*

Bohemia Manor Middle/High School – renovations (roof)	$830,000
Cecil Manor Elementary School – renovations (roof)	563,000
Gilpin Manor Elementary School – construction	3,076,000
Perryville High School – renovations (boilers)	545,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Public Libraries

North East Library – construction	861,000

Community Parks and Playgrounds

Main Street Park Basketball Court	42,000
Union Street Park	116,000

Water Supply Financial Assistance Program

Rising Sun – water main extension	500,000

Waterway Improvement

Charlestown Volunteer Fire Department – purchase fire/rescue boat	50,000
Chesapeake City – dredge Back Creek Basin	620,000

Other Projects

Fair Hill Race Course	100,000
Union Hospital	786,000
Union Hospital Helipad	300,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Elk Neck State Park – Rogues Harbor breakwater construction	$1,250,000

Department of the Environment

Elk Neck State Park WWTP – enhanced nutrient removal	200,000
Elk Neck State Park WWTP – nutrient removal	250,000

Maryland Environmental Service

Fair Hill NRMA – water treatment/distribution system upgrade	1,000,000

Charles County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$108,175	$111,026	$2,851	2.6%
Compensatory Education	31,968	32,050	82	0.3%
Student Transportation	10,781	10,889	108	1.0%
Special Education	9,904	10,653	749	7.6%
Limited English Proficiency Grants	1,726	2,160	434	25.1%
Guaranteed Tax Base	220	0	-220	-100.0%
Geographic Cost of Education Index	3,548	3,579	32	0.9%
Adult Education	683	683	0	0.0%
Aging Schools	0	50	50	n/a
Other Education Aid	1,558	1,603	45	2.9%
Primary & Secondary Education	***$168,563***	***$172,692***	***$4,130***	***2.4%***
Libraries	$1,011	$1,057	$46	4.6%
Community Colleges	9,150	9,217	67	0.7%
Health Formula Grant	1,453	1,488	35	2.4%
Transportation[1]	1,672	1,992	320	19.1%
Police and Public Safety[1]	1,350	1,350	0	0.0%
Fire and Rescue Aid[1]	381	380	0	-0.1%
Recreation and Natural Resources	519	891	372	71.6%
Other Direct Aid	21	26	5	26.0%
Total Direct Aid	**$184,120**	**$189,094**	**$4,974**	**2.7%**
Aid Per Capita ($)	$1,167	$1,199	$32	2.7%
Property Tax Equivalent ($)	1.07	1.09	0.02	1.4%

[1] 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 2018 State payments for Charles County for teachers, librarians, and community college faculty are estimated to be $23,167,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$73,627,000
Family Health and Chronic Disease	865,000
Developmental Disabilities	11,373,000
Behavioral Health Services	12,978,000
Social Services	
Homeless Services	141,000
Women's Services	157,000
Adult Services	108,000
Child Welfare Services	3,825,000
Foster Care	3,168,000
Temporary Cash Assistance	354,000
Senior Citizen Services	
Long-term Care	188,000
Community Services	29,000

C. Selected State Grants for Capital Projects

Public Schools*

Berry Elementary School – kindergarten/pre-k addition	$500,000
Dr. James Craik Elementary School – kindergarten/pre-k addition	500,000
Dr. Samuel A. Mudd Elementary School – construction	3,382,000
Elementary School #22 – construction	2,625,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

College of Southern Maryland

Hughesville – Health Sciences Center	1,671,000

Chesapeake Bay Water Quality Projects

College of Southern Maryland WWTP – nutrient removal	250,000

Chesapeake Bay Restoration Fund

College of Southern Maryland WWTP – enhanced nutrient removal	200,000

Other Projects

Angel's Watch Shelter	750,000
College of Southern Maryland – Entrepreneur and Innovation Institute	200,000
College of Southern Maryland – Studies Center	500,000
Farming 4 Hunger, Inc. – community agricultural facility	75,000
Maryland Veterans Memorial Museum	150,000
Old Pomonkey High School	50,000
Southern Maryland Carousel	180,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Smallwood State Park – campground improvements	$239,000
Smallwood State Park – Sweden Point Marina	125,000

Dorchester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$21,860	$22,741	$880	4.0%
Compensatory Education	12,068	12,526	457	3.8%
Student Transportation	2,479	2,514	35	1.4%
Special Education	1,732	1,757	25	1.4%
Limited English Proficiency Grants	579	701	122	21.1%
Guaranteed Tax Base	865	1,165	300	34.7%
Aging Schools	0	38	38	n/a
Other Education Aid	1,226	1,292	66	5.3%
Primary & Secondary Education	***$40,809***	***$42,733***	***$1,924***	***4.7%***
Libraries	$272	$285	$12	4.6%
Community Colleges	1,244	1,239	-5	-0.4%
Health Formula Grant	621	814	193	31.0%
Transportation[1]	1,235	1,391	156	12.7%
Police and Public Safety[1]	380	380	0	0.0%
Fire and Rescue Aid[1]	311	320	9	3.1%
Recreation and Natural Resources	96	164	68	71.6%
Disparity Grant	2,023	2,023	0	0.0%
Teachers Retirement Supplemental Grant	309	309	0	0.0%
Other Direct Aid	35	20	-15	-42.7%
Total Direct Aid	**$47,335**	**$49,678**	**$2,343**	**4.9%**
Aid Per Capita ($)	$1,467	$1,540	$73	4.9%
Property Tax Equivalent ($)	1.64	1.72	0.08	4.7%

[1] 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 2018 State payments for Dorchester County for teachers, librarians, and community college faculty are estimated to be $3,998,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$34,019,000
Family Health and Chronic Disease	530,000
Developmental Disabilities	2,803,000
Behavioral Health Services	5,795,000
Social Services	
Homeless Services	26,000
Women's Services	21,000
Adult Services	127,000
Child Welfare Services	1,620,000
Foster Care	1,634,000
Temporary Cash Assistance	197,000
Senior Citizen Services	
Long-term Care	546,000
Community Services	397,000

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

C. Selected State Grants for Capital Projects

<u>Public Schools</u>*

North Dorchester High School – construction	$4,700,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

<u>Chesapeake College</u>

Todd Performing Arts Center – chiller and roof replacement	646,000

<u>Community Health Facilities Grant Program</u>

Delmarva Community Services, Inc.	549,000

<u>Water Supply Financial Assistance Program</u>

Bonnie Brook – water facilities improvement/water meter replacement	257,000

<u>Waterway Improvement</u>

Cambridge Municipal Marina – bathhouse renovations	65,000
Elliott Island Marina – construct stone jetty	50,000
Tar Bay – dredging	250,000
Vienna Waterfront Park – extend north and south piers	99,000

<u>Coastal Resiliency Program</u>

Hurst Creek – shoreline improvements	190,000

<u>Other Projects</u>

Chesapeake Grove – Senior Housing and Intergenerational Center	1,000,000

D. Capital Projects for State Facilities in the County

<u>Department of Natural Resources</u>

Bill Burton Fishing Pier State Park – structural assessment	$150,000

Frederick County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$156,156	$160,353	$4,197	2.7%
Compensatory Education	33,423	34,686	1,262	3.8%
Student Transportation	12,284	12,617	333	2.7%
Special Education	16,200	17,163	964	5.9%
Limited English Proficiency Grants	7,276	8,419	1,143	15.7%
Geographic Cost of Education Index	6,584	6,730	146	2.2%
Adult Education	447	447	0	0.0%
Aging Schools	0	183	183	n/a
Other Education Aid	1,453	1,911	459	31.6%
Primary & Secondary Education	***$233,822***	***$242,509***	***$8,687***	***3.7%***
Libraries	$1,387	$1,445	$58	4.2%
Community Colleges	10,687	10,945	258	2.4%
Health Formula Grant	2,033	2,138	105	5.2%
Transportation[1]	4,633	5,183	551	11.9%
Police and Public Safety[1]	2,425	2,425	0	0.0%
Fire and Rescue Aid[1]	559	559	-1	-0.1%
Recreation and Natural Resources	592	1,016	424	71.6%
Other Direct Aid	123	120	-4	-2.9%
Total Direct Aid	**$256,261**	**$266,340**	**$10,078**	**3.9%**
Aid Per Capita ($)	$1,035	$1,076	$41	3.9%
Property Tax Equivalent ($)	0.91	0.92	0.01	1.1%

[1] 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 2018 State payments for Frederick County for teachers, librarians, and community college faculty are estimated to be $34,021,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$97,714,000
Family Health and Chronic Disease	604,000
Developmental Disabilities	36,775,000
Behavioral Health Services	19,812,000
Social Services	
Homeless Services	142,000
Women's Services	73,000
Adult Services	133,000
Child Welfare Services	3,998,000
Foster Care	4,085,000
Temporary Cash Assistance	360,000
Senior Citizen Services	
Long-term Care	311,000
Community Services	91,000

C. Selected State Grants for Capital Projects

Public Schools*

Butterfly Ridge Elementary School – construction	$2,000,000
Carroll Manor Elementary School – renovations (windows/doors)	326,000
Frederick High School – construction	8,014,000
Governor Thomas Johnson Middle School – renovations (boilers)	246,000
Sugarloaf Elementary School – construction	4,000,000
Walkersville Middle School – renovations (chiller)	164,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Frederick Community College

Monroe Center – renovation	1,787,000

Community Parks and Playgrounds

Memorial Park	17,000

Other Projects

Downtown Frederick Hotel and Conference Center	4,000,000
Heritage Frederick	25,000
Middletown – Remsberg Park	100,000
YMCA of Frederick County	100,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Cunningham Falls State Park – day use improvements	$2,953,000

Maryland Environmental Service

Cunningham Falls State Park – water treatment plant	1,095,000

Garrett County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$12,355	$11,215	-$1,139	-9.2%
Compensatory Education	4,575	4,604	28	0.6%
Student Transportation	2,968	2,992	24	0.8%
Special Education	1,048	1,032	-16	-1.6%
Limited English Proficiency Grants	6	11	6	101.4%
Declining Enrollment Grants	0	209	209	n/a
Adult Education	76	76	0	0.0%
Aging Schools	0	38	38	n/a
Prekindergarten Supplemental Grants	0	248	248	n/a
Other Education Aid	1,116	1,817	701	62.9%
Primary & Secondary Education	***$22,143***	***$22,242***	***$99***	***0.4%***
Libraries	$142	$151	$9	6.3%
Community Colleges	3,939	3,990	51	1.3%
Health Formula Grant	639	797	158	24.7%
Transportation[1]	1,162	1,341	180	15.5%
Police and Public Safety[1]	226	226	0	0.0%
Fire and Rescue Aid[1]	300	300	0	0.0%
Recreation and Natural Resources	118	202	84	71.6%
Disparity Grant	2,131	2,131	0	0.0%
Teachers Retirement Supplemental Grant	406	406	0	0.0%
Other Direct Aid	643	691	49	7.6%
Total Direct Aid	**$31,850**	**$32,479**	**$629**	**2.0%**
Aid Per Capita ($)	$1,082	$1,104	$21	2.0%
Property Tax Equivalent ($)	0.70	0.71	0.01	1.9%

[1] 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 2018 State payments for Garrett County for teachers, librarians, and community college faculty are estimated to be $3,599,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$23,740,000
Family Health and Chronic Disease	434,000
Developmental Disabilities	3,539,000
Behavioral Health Services	4,301,000
Social Services	
Homeless Services	46,000
Women's Services	206,000
Adult Services	22,000
Child Welfare Services	1,551,000
Foster Care	1,080,000
Temporary Cash Assistance	62,000
Senior Citizen Services	
Long-term Care	127,000
Community Services	96,000

C. Selected State Grants for Capital Projects

Public Schools*

Southern Middle School – renovations (roof/fire safety/sanitary line)	$1,352,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Community Parks and Playgrounds

Broadford Recreation Stage	80,000
Wodell Park	81,000

Chesapeake Bay Water Quality Projects

Deep Creek Lake WWTP – nutrient removal	250,000
Trout Run WWTP – nutrient removal	250,000

Chesapeake Bay Restoration Fund

Deep Creek Lake WWTP – enhanced nutrient removal	200,000
Trout Run WWTP – enhanced nutrient removal	200,000

Water Supply Financial Assistance Program

Keysers Ridge – water storage tank	344,000
Oakland – water plant improvements	238,000

Other Projects

Believe in Tomorrow Children's House at Deep Creek Lake	200,000
Garrett County Memorial Hospital	472,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Countywide – trail construction at state parks	$780,000

Maryland Environmental Service

State Well Upgrades	225,000

Harford County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$137,763	$138,970	$1,208	0.9%
Compensatory Education	33,873	34,335	461	1.4%
Student Transportation	12,549	12,634	85	0.7%
Special Education	20,494	19,904	-590	-2.9%
Limited English Proficiency Grants	1,670	1,758	88	5.2%
Declining Enrollment Grants	0	356	356	n/a
Adult Education	125	125	0	0.0%
Aging Schools	0	217	217	n/a
Other Education Aid	1,031	964	-68	-6.6%
Primary & Secondary Education	***$207,505***	***$209,262***	***$1,757***	***0.8%***
Libraries	$1,535	$1,604	$69	4.5%
Community Colleges	12,045	12,060	16	0.1%
Health Formula Grant	2,309	2,326	18	0.8%
Transportation[1]	3,066	3,590	523	17.1%
Police and Public Safety[1]	2,843	2,843	0	0.0%
Fire and Rescue Aid[1]	574	573	-1	-0.1%
Recreation and Natural Resources	848	1,455	607	71.6%
Other Direct Aid	126	153	28	21.9%
Total Direct Aid	**$230,850**	**$233,867**	**$3,017**	**1.3%**
Aid Per Capita ($)	$920	$932	$12	1.3%
Property Tax Equivalent ($)	0.83	0.82	-0.01	-1.1%

[1] 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 2018 State payments for Harford County for teachers, librarians, and community college faculty are estimated to be $29,835,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$112,992,000
Family Health and Chronic Disease	887,000
Developmental Disabilities	15,211,000
Behavioral Health Services	20,120,000
Social Services	
Homeless Services	101,000
Women's Services	362,000
Adult Services	150,000
Child Welfare Services	4,059,000
Foster Care	7,351,000
Temporary Cash Assistance	491,000
Senior Citizen Services	
Long-term Care	341,000
Community Services	137,000

C. Selected State Grants for Capital Projects

Public Schools*

Bel Air Elementary School – construction	$1,500,000
Havre de Grace Middle/High School – construction	5,500,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Public Libraries

Edgewood Library – renovation	94,000

Harford Community College

Fallston Hall – renovation	309,000

Community Parks and Playgrounds

Aberdeen Festival Park	50,000
Tydings Park Playground	264,000

Waterway Improvement

Flying Point Park – west pier renovation	99,000
Havre de Grace Yacht Basin – dredging	574,000
Otter Point Creek – maintenance dredging	100,000

Other Projects

Maryland Center for the Arts	1,000,000
McComas School Museum	25,000
National Center for Manufacturing Sciences	100,000
The Epicenter at Edgewood	50,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Rocks State Park – replace comfort station	$1,089,000

Military

Havre de Grace Readiness Center (federal funds)	11,378,000

Howard County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$162,732	$167,021	$4,289	2.6%
Compensatory Education	30,245	30,380	135	0.4%
Student Transportation	17,032	17,494	461	2.7%
Special Education	15,736	16,138	402	2.6%
Limited English Proficiency Grants	7,485	7,878	393	5.2%
Geographic Cost of Education Index	5,592	5,709	117	2.1%
Adult Education	308	308	0	0.0%
Aging Schools	0	88	88	n/a
Other Education Aid	1,964	2,352	388	19.8%
Primary & Secondary Education	***$241,095***	***$247,368***	***$6,273***	***2.6%***
Libraries	$899	$940	$41	4.5%
Community Colleges	19,289	19,714	425	2.2%
Health Formula Grant	1,734	1,751	18	1.0%
Transportation	2,430	2,924	495	20.4%
Police and Public Safety	3,748	3,748	0	0.0%
Fire and Rescue Aid	617	616	-1	-0.1%
Recreation and Natural Resources	1,504	2,580	1,076	71.6%
Gaming Impact Aid	89	89	0	0.0%
Other Direct Aid	79	77	-1	-1.7%
Total Direct Aid	**$271,484**	**$279,809**	**$8,325**	**3.1%**
Aid Per Capita ($)	$856	$882	$26	3.1%
Property Tax Equivalent ($)	0.55	0.55	0.00	0.0%

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 2018 State payments for Howard County for teachers, librarians, and community college faculty are estimated to be $60,158,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$115,074,000
Family Health and Chronic Disease	696,000
Developmental Disabilities	31,428,000
Behavioral Health Services	20,970,000
Social Services	
Homeless Services	79,000
Women's Services	276,000
Adult Services	27,000
Child Welfare Services	3,456,000
Foster Care	2,635,000
Temporary Cash Assistance	406,000
Senior Citizen Services	
Long-term Care	332,000
Community Services	65,000

C. Selected State Grants for Capital Projects

Public Schools*

Burleigh Manor Middle School – renovations (HVAC/ceilings/lighting)	$1,973,000
Mount View Middle School – renovations (HVAC/ceilings/lighting)	4,356,000
Northeastern Elementary School – construction	2,908,167
Pointers Run Elementary School – renovations (HVAC/ceilings/lighting)	1,804,000
Rockburn Elementary School – renovations (HVAC/ceilings/lighting)	1,635,000
Swansfield Elementary School – construction	157,000
Waverly Elementary School – construction	2,061,000
Supplemental Capital Grant Program for Local School Systems	6,670,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Howard Community College

Nursing and Science & Technology Buildings – renovations	9,592,000

Community Health Facilities Grant Program

Living In Recovery, Inc.	299,000

Other Projects

Carrollton Hall	125,000
Chrysalis Pavilion in Merriweather Park at Symphony Woods	150,000
Harriet Tubman Community Center and Museum	300,000
ManneqART Museum and Maryland Fashion Institute	50,000
Merriweather Post Pavilion	8,000,000
Tau Pi Mentoring Program	25,000
The Arc of Howard County	250,000

Kent County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$3,688	$3,539	-$149	-4.0%
Compensatory Education	2,692	2,593	-99	-3.7%
Student Transportation	1,567	1,578	11	0.7%
Special Education	800	861	61	7.6%
Limited English Proficiency Grants	116	131	15	12.7%
Declining Enrollment Grants	0	142	142	n/a
Geographic Cost of Education Index	133	133	0	-0.3%
Aging Schools	0	38	38	n/a
Prekindergarten Supplemental Grants	0	73	73	n/a
Other Education Aid	812	1,057	245	30.1%
Primary & Secondary Education	***$9,808***	***$10,145***	***$337***	***3.4%***
Libraries	$86	$95	$9	10.8%
Community Colleges	552	526	-25	-4.6%
Health Formula Grant	546	616	70	12.8%
Transportation[1]	675	623	-52	-7.7%
Police and Public Safety[1]	200	200	0	0.0%
Fire and Rescue Aid[1]	309	307	-2	-0.7%
Recreation and Natural Resources	71	122	51	71.6%
Total Direct Aid	**$12,248**	**$12,636**	**$389**	**3.2%**
Aid Per Capita ($)	$621	$640	$20	3.2%
Property Tax Equivalent ($)	0.42	0.43	0.01	3.1%

[1] 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 2018 State payments for Kent County for teachers, librarians, and community college faculty are estimated to be $1,800,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$14,118,000
Family Health and Chronic Disease	475,000
Developmental Disabilities	2,201,000
Behavioral Health Services	6,906,000
Social Services	
Homeless Services	9,000
Women's Services	21,000
Adult Services	50,000
Child Welfare Services	721,000
Foster Care	466,000
Temporary Cash Assistance	77,000
Senior Citizen Services	
Long-term Care	377,000
Community Services	121,000

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	$47,000
Chesapeake College	
Todd Performing Arts Center – chiller and roof replacement	646,000
Water Supply Financial Assistance Program	
Galena – water meter replacement/water system generator	120,000
Waterway Improvement	
Chestertown Marina – bulkhead and pier improvements	200,000
Turner's Creek – boat ramp improvements	130,000
Other Projects	
Chestertown – municipal marina revitalization	500,000

Montgomery County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$325,527	$338,745	$13,218	4.1%
Compensatory Education	137,614	140,037	2,423	1.8%
Student Transportation	40,933	42,090	1,157	2.8%
Special Education	57,936	59,601	1,664	2.9%
Limited English Proficiency Grants	61,682	64,722	3,040	4.9%
Geographic Cost of Education Index	35,977	36,855	878	2.4%
Adult Education	920	920	0	0.0%
Aging Schools	0	603	603	n/a
Other Education Aid	4,465	5,250	786	17.6%
Primary & Secondary Education	***$665,055***	***$688,822***	***$23,767***	***3.6%***
Libraries	$2,997	$3,120	$124	4.1%
Community Colleges	49,940	49,810	-130	-0.3%
Health Formula Grant	3,968	3,968	0	0.0%
Transportation[1]	8,927	10,203	1,276	14.3%
Police and Public Safety[1]	16,126	16,126	0	0.0%
Fire and Rescue Aid[1]	1,965	1,963	-2	-0.1%
Recreation and Natural Resources	3,788	6,498	2,710	71.6%
Other Direct Aid	95	86	-9	-9.5%
Total Direct Aid	**$752,860**	**$780,596**	**$27,736**	**3.7%**
Aid Per Capita ($)	$721	$748	$27	3.7%
Property Tax Equivalent ($)	0.41	0.41	0.00	0.0%

[1] 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 2018 State payments for Montgomery County for teachers, librarians, and community college faculty are estimated to be $167,701,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$417,620,000
Family Health and Chronic Disease	1,332,000
Developmental Disabilities	85,063,000
Behavioral Health Services	74,794,000
Social Services	
Homeless Services	330,000
Women's Services	377,000
Adult Services	624,000
Child Welfare Services	8,585,000
Foster Care	15,329,000
Temporary Cash Assistance	1,139,000
Senior Citizen Services	
Long-term Care	1,449,000
Community Services	297,000

C. Selected State Grants for Capital Projects

Public Schools*

Bethesda-Chevy Chase Middle School – construction	$3,882,000
Briggs Chaney Middle School – renovations (HVAC)	740,000
Brookhaven Elementary School – renovations (roof)	178,000
Fox Chapel Elementary School – renovations (roof)	269,000
Germantown Elementary School – renovations (roof)	251,000
Greenwood Elementary School – renovations (roof)	241,000
Hallie Wells Middle School – construction	5,663,235
Highland View Elementary School – renovations (roof)	191,000
Jones Lane Elementary School – renovations (HVAC)	532,000
Julius West Middle School – construction	2,793,000
Poolesville Elementary School – renovations (roof)	311,000
Silver Spring International Middle School – renovations (HVAC)	770,000
Springbrook High School – renovations (roof)	519,000
Stone Mill Elementary School – renovations (HVAC)	519,000
William H. Farquhar Middle School – construction	9,211,000
Winston Churchill High School – renovations (roof)	134,000
Wood Acres Elementary School – construction	576,000
Supplemental Capital Grant Program for Local School Systems	21,835,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Public Libraries

Long Branch Library – renovation	100,000
Praisner Library – renovation	100,000

Montgomery College

Germantown – Science and Applied Studies Building	2,456,000
Rockville – Student Services Center	8,870,000
Takoma Park/Silver Spring – Math and Science Center	3,397,000

Local Jail Loan

County Pre-Release Center – dietary center improvements	1,204,000

Community Health Facilities Grant Program

Avery Road Treatment Center	1,000,000
Montgomery Housing Partnership, Inc.	800,000

Community Parks and Playgrounds

Croydon Park Playground	132,000

Chesapeake Bay Restoration Fund

Cabin John Basin – sewer rehabilitation	3,848,000
Northwest Branch – sewer rehabilitation	2,698,000

Other Projects

A Wider Circle Community Service Center	125,000
Bender Jewish Community Center of Greater Washington	100,000
Bethesda Graceful Growing Together Community Center	100,000
Boyds Negro School	16,000
Community Services for Autistic Adults and Children	45,000
Easter Seals Inter-Generational Center	150,000
Friends House	50,000
Gaithersburg – Consumer Product Safety Commission Site	200,000
Good Hope Local Park	50,000
Halpine Hamlet Community Center	175,000
Imagination Stage	400,000
Interfaith Watershed Restoration and Outreach Project	15,000
Jewish Social Services Agency	1,000,000
Korean Community Service Center	100,000
Laytonsville Lions Club	5,000
Madison Fields Therapeutic Equestrian Center	60,000
MdBio Foundation, Inc. – MdBioLab	100,000
MedStar Montgomery Medical Center	95,000
Melvin J. Berman Hebrew Academy	150,000
Olney Boys and Girls Community Park	150,000
Pleasant View United Methodist Church – Quince Orchard Colored School	200,000
Poolesville Grape Crushing Economic Development Facility	1,000,000
Potomac Community Resources Home	175,000
Rockville – King Farm Farmstead	100,000
Stewartown Local Park	125,000
Strathmore Hall	3,000,000
Suburban Hospital	283,000

Takoma Park-Silver Spring Cooperative	500,000
Takoma Park Library	150,000
Woodend Nature Sanctuary	150,000
YMCA Bethesda-Chevy Chase	100,000
Young Israel Shomrai Emunah Social Hall	50,000

D. Capital Projects for State Facilities in the County

University System of Maryland

Shady Grove – Biomedical Sciences and Engineering Education Facility	$88,651,000

Prince George's County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$561,004	$573,394	$12,390	2.2%
Compensatory Education	282,242	282,089	-153	-0.1%
Student Transportation	39,758	40,694	936	2.4%
Special Education	70,165	68,859	-1,306	-1.9%
Limited English Proficiency Grants	86,900	94,281	7,380	8.5%
Guaranteed Tax Base	8,530	5,665	-2,864	-33.6%
Geographic Cost of Education Index	41,084	42,000	916	2.2%
Adult Education	684	684	0	0.0%
Aging Schools	0	1,209	1,209	n/a
Other Education Aid	3,878	5,240	1,363	35.1%
Primary & Secondary Education	***$1,094,245***	***$1,114,116***	***$19,871***	***1.8%***
Libraries	$7,239	$7,402	$163	2.3%
Community Colleges	30,531	30,500	-31	-0.1%
Health Formula Grant	6,336	6,354	18	0.3%
Transportation[1]	9,573	10,776	1,203	12.6%
Police and Public Safety[1]	19,602	19,602	0	0.0%
Fire and Rescue Aid[1]	1,699	1,697	-2	-0.1%
Recreation and Natural Resources	3,259	5,591	2,332	71.6%
Disparity Grant	26,632	30,877	4,245	15.9%
Teachers Retirement Supplemental Grant	9,629	9,629	0	0.0%
Gaming Impact Aid	13,038	24,424	11,386	87.3%
Other Direct Aid	21	10	-11	-52.2%
Total Direct Aid	**$1,221,802**	**$1,260,977**	**$39,175**	**3.2%**
Aid Per Capita ($)	$1,346	$1,389	$43	3.2%
Property Tax Equivalent ($)	1.44	1.42	-0.02	-1.5%

[1] 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 2018 State payments for Prince George's County for teachers, librarians, and community college faculty are estimated to be $117,316,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$442,550,000
Family Health and Chronic Disease *	29,925,000
Developmental Disabilities	68,855,000
Behavioral Health Services	68,564,000
Social Services	
Homeless Services	561,000
Women's Services	304,000
Adult Services	535,000
Child Welfare Services	13,769,000
Foster Care	17,570,000
Temporary Cash Assistance	1,995,000
Senior Citizen Services	
Long-term Care	1,128,000
Community Services	271,000

*Includes operating support for the Prince George's Hospital System ($28 million).

C. Selected State Grants for Capital Projects

Public Schools*

Andrew Jackson Academy – renovations (HVAC)	$4,000,000
Arrowhead Elementary School – renovations (HVAC)	1,068,000
Beltsville Academy – renovations (roof)	1,364,000
Central High School – renovations (HVAC)	2,071,000
Dwight D. Eisenhower Middle School – renovations (chiller/cooling tower)	533,000
Eleanor Roosevelt High School – renovations (elevator)	180,000
Fort Foote Elementary School – renovations (windows/doors/univent)	1,506,000
Glassmanor Elementary School – renovations (windows)	725,000
James Madison Middle School – renovations (lighting)	142,000
Judge Sylvania Woods Elementary School – renovations (chiller)	355,000
Kingsford Elementary School – renovations (chiller)	355,000
Langley Park-McCormick Elementary School – renovations (elevator)	179,000
Largo High School – renovations (lighting)	497,000
Mount Rainier Elementary School – renovations (cooling tower)	213,000
Oaklands Elementary School – renovations (roof)	611,000
Paint Branch Elementary School – renovations (HVAC)	214,000
Riverdale Elementary School – renovations (roof top unit/air handling unit)	142,000
Rockledge Elementary School – renovations (roof)	796,000
Rogers Heights Elementary School – renovations (elevator)	178,000
Springhill Lake Elementary School – renovations (roof)	852,000
Tayac Elementary School – renovations (HVAC)	2,802,000
Tulip Grove Elementary School – construction	2,000,000
Supplemental Capital Grant Program for Local School Systems	12,173,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Prince George's Community College

Marlboro Hall – renovation	2,065,000
Queen Anne Academic Center – renovation and addition	12,313,000

Local Jail Loan

County Correctional Center – medical unit renovation and expansion	1,000,000

Community Parks and Playgrounds

Anne Reifsneider Memorial Park	22,000
Edmonston's 47th Avenue Park	47,000
University Park Wells Run Playground	262,000

Chesapeake Bay Restoration Fund

Beaverdam Basin – sewer rehabilitation	2,219,000
Lower Anacostia Basin – sewer rehabilitation	3,791,000
Northeast Branch – sewer rehabilitation	5,363,000
Northwest Branch – sewer rehabilitation	3,134,000

Waterway Improvement

Fort Washington – purchase airboat for water rescue	50,000
Laurel Volunteer Rescue Squad – purchase fire/rescue boat	6,525

Coastal Resiliency Program

Eagle Harbor – shoreline improvements	150,000

Other Projects

Accokeek First Church of God Center of Excellence	50,000
Alpha House	75,000
Camp Springs Elks Lodge No. 2332	25,000
Champ House	50,000
College Park – Duvall Field	150,000
College Park – Route 1 Baltimore Avenue revitalization	1,300,000
College Park Woods – hiker/biker connector trail	50,000
Collington Station Homeowners Association – safety and surveillance systems	24,000
District Heights – Veterans Park	170,000
Hard Bargain Farm Environmental Center	200,000
Hyattsville Veteran's Memorial	30,000
Maryland Milestones Heritage Center	50,000
Maryland Multicultural Youth Centers	75,000
My Sister's Keeper	50,000
New Horizons Disability Job Training and Recycling Center	40,000
Patuxent River 4-H Center Dennis Cooper Cabin	250,000
Prince George's Arts & Humanities Council – public art projects	275,000
Prince George's Hospital System	11,300,000
Riverdale Park – pedestrian improvements	435,000
Southern Market Place	25,000
St. Ann's Center for Children, Youth and Families	50,000
St. Nicholas Catholic Church Parish Hall	50,000
Susan D. Mona Center	100,000

D. Capital Projects for State Facilities in the County

Maryland Environmental Service

Cheltenham Youth Center – wastewater treatment plant	$4,400,000

University System of Maryland

College Park – Bioengineering Building	30,452,000
College Park – Brendan Iribe Center for Computer Science and Innovation	73,650,000
College Park – Cole Field House	8,770,000
College Park – high rise residence hall air conditioning	6,160,000
College Park – high rise residence hall utility building	550,000
College Park – School of Public Policy	3,000,000

Queen Anne's County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$22,050	$22,301	$250	1.1%
Compensatory Education	5,124	5,140	16	0.3%
Student Transportation	3,335	3,377	42	1.3%
Special Education	2,100	1,994	-106	-5.0%
Limited English Proficiency Grants	498	572	74	14.9%
Declining Enrollment Grants	0	22	22	n/a
Geographic Cost of Education Index	572	576	4	0.7%
Aging Schools	0	50	50	n/a
Other Education Aid	846	726	-120	-14.2%
Primary & Secondary Education	***$34,525***	***$34,757***	***$232***	***0.7%***
Libraries	$157	$170	$13	8.6%
Community Colleges	1,981	1,911	-71	-3.6%
Health Formula Grant	575	645	70	12.2%
Transportation[1]	919	1,095	176	19.2%
Police and Public Safety[1]	434	434	0	0.0%
Fire and Rescue Aid[1]	300	300	0	0.0%
Recreation and Natural Resources	152	261	109	71.6%
Other Direct Aid	14	47	33	245.1%
Total Direct Aid	**$39,057**	**$39,620**	**$563**	**1.4%**
Aid Per Capita ($)	$798	$810	$12	1.4%
Property Tax Equivalent ($)	0.50	0.50	0.00	0.0%

[1] 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 2018 State payments for Queen Anne's County for teachers, librarians, and community college faculty are estimated to be $6,405,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$21,993,000
Family Health and Chronic Disease	444,000
Developmental Disabilities	3,427,000
Behavioral Health Services	3,576,000
Social Services	
Homeless Services	11,000
Women's Services	21,000
Adult Services	48,000
Child Welfare Services	979,000
Foster Care	461,000
Temporary Cash Assistance	83,000
Senior Citizen Services	
Long-term Care	121,000
Community Services	31,000

C. Selected State Grants for Capital Projects

Public Schools*

Bayside Elementary School – renovations (generator)	$166,000
Grasonville Elementary School – construction	1,163,000
Kent Island High School – renovations (fire safety/EMS)	831,000
Sudlersville Elementary School – renovations (roof/doors)	243,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Public Libraries

Kent Island Library – construction	325,000

Chesapeake College

Todd Performing Arts Center – chiller and roof replacement	646,000

Waterway Improvement

Kent Island Volunteer Fire Department – purchase fire/rescue boat	34,500
Kent Narrows – maintenance dredging	500,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Matapeake Marine Terminal – replace gas dock and fuel system	$70,000

Maryland Environmental Service

Eastern Pre-Release Facility – wastewater treatment plant	1,100,000

St. Mary's County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$69,981	$72,516	$2,535	3.6%
Compensatory Education	17,178	18,044	866	5.0%
Student Transportation	6,864	7,029	165	2.4%
Special Education	5,790	6,139	350	6.0%
Limited English Proficiency Grants	853	903	51	5.9%
Geographic Cost of Education Index	236	240	4	1.8%
Adult Education	57	57	0	0.0%
Aging Schools	0	50	50	n/a
Other Education Aid	724	696	-29	-4.0%
Primary & Secondary Education	***$101,683***	***$105,675***	***$3,993***	***3.9%***
Libraries	$666	$719	$54	8.0%
Community Colleges	2,881	3,097	216	7.5%
Health Formula Grant	1,065	1,065	0	0.0%
Transportation[1]	1,286	1,524	238	18.5%
Police and Public Safety[1]	941	941	0	0.0%
Fire and Rescue Aid[1]	300	300	0	0.0%
Recreation and Natural Resources	287	493	206	71.6%
Other Direct Aid	123	108	-15	-12.5%
Total Direct Aid	**$109,231**	**$113,921**	**$4,690**	**4.3%**
Aid Per Capita ($)	$970	$1,012	$42	4.3%
Property Tax Equivalent ($)	0.89	0.92	0.03	3.6%

[1] 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 2018 State payments for St. Mary's County for teachers, librarians, and community college faculty are estimated to be $13,792,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$52,784,000
Family Health and Chronic Disease	554,000
Developmental Disabilities	6,841,000
Behavioral Health Services	10,957,000
Social Services	
Homeless Services	87,000
Women's Services	109,000
Adult Services	79,000
Child Welfare Services	2,414,000
Foster Care	3,249,000
Temporary Cash Assistance	510,000
Senior Citizen Services	
Long-term Care	145,000
Community Services	62,000

C. Selected State Grants for Capital Projects

Public Schools*

Hollywood Elementary School – renovations (HVAC/roof/fire safety)	$400,000
Park Hall Elementary School – renovations (HVAC/roof)	415,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Public Libraries

Leonardtown Library – construction	1,091,000

College of Southern Maryland

Hughesville – Health Sciences Center	1,671,000

Senior Centers Grant Program

Garvey Senior Activity Center	800,000

Community Parks and Playgrounds

Robert Miedzinski Park Playground	200,000

Waterway Improvement

Public boating facilities – countywide maintenance	25,000

Coastal Resiliency Program

St. Catherine's Island – shoreline improvements	30,000

Other Projects

Innovative Center for Autonomous Systems	250,000
St. Clement's Island North Pier	100,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Point Lookout State Park – lighthouse restoration	$3,490,000
Point Lookout State Park – re-deck marina boardwalk and piers	125,000
St. Clements Island State Park – re-deck lighthouse piers	150,000

Historic St. Mary's City Commission

Maryland Dove	500,000

St. Mary's College

Academic Building and Auditorium – construction	9,832,000

Somerset County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$13,636	$14,435	$799	5.9%
Compensatory Education	9,453	10,276	823	8.7%
Student Transportation	1,869	1,910	41	2.2%
Special Education	1,698	1,785	87	5.1%
Limited English Proficiency Grants	569	635	66	11.6%
Guaranteed Tax Base	1,286	1,732	447	34.7%
Adult Education	231	231	0	0.0%
Aging Schools	0	38	38	n/a
Prekindergarten Supplemental Grants	0	455	455	n/a
Other Education Aid	431	1,014	583	135.1%
Primary & Secondary Education	***$29,173***	***$32,512***	***$3,339***	***11.4%***
Libraries	$277	$287	$11	3.9%
Community Colleges	874	839	-35	-4.1%
Health Formula Grant	579	596	18	3.0%
Transportation[1]	636	748	111	17.5%
Police and Public Safety[1]	240	240	0	0.0%
Fire and Rescue Aid[1]	311	314	2	0.8%
Recreation and Natural Resources	69	118	49	71.6%
Disparity Grant	4,908	4,908	0	0.0%
Teachers Retirement Supplemental Grant	382	382	0	0.0%
Other Direct Aid	76	70	-6	-8.2%
Total Direct Aid	**$37,526**	**$41,014**	**$3,489**	**9.3%**
Aid Per Capita ($)	$1,447	$1,582	$135	9.3%
Property Tax Equivalent ($)	2.62	2.89	0.27	10.4%

[1] 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 2018 State payments for Somerset County for teachers, librarians, and community college faculty are estimated to be $2,772,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$26,818,000
Family Health and Chronic Disease	588,000
Developmental Disabilities	6,234,000
Behavioral Health Services	4,788,000
Social Services	
Homeless Services	11,000
Women's Services	95,000
Adult Services	60,000
Child Welfare Services	1,581,000
Foster Care	946,000
Temporary Cash Assistance	205,000
Senior Citizen Services	
Long-term Care	546,000
Community Services	397,000

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

Chesapeake Bay Water Quality Projects

Smith Island WWTP – nutrient removal	$250,000

Chesapeake Bay Restoration Fund

Smith Island WWTP – enhanced nutrient removal	1,900,000

Waterway Improvement

Brick Kiln Pier – remove pilings	15,500
Webster's Cove Marina – replace bulkhead	99,000

Coastal Resiliency Program

Deal Island – shoreline improvements	35,000

Other Projects

St. Luke's Preschool	20,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Wellington WMA – building renovation	$596,000

Maryland Environmental Service

Eastern Correctional Institution – co-generation plant upgrades	744,000
Eastern Correctional Institution – wastewater treatment plant upgrades	2,772,000

University System of Maryland

Eastern Shore – School of Pharmacy and Allied Health Professions	3,048,000

Talbot County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$4,597	$4,543	-$54	-1.2%
Compensatory Education	5,129	5,063	-66	-1.3%
Student Transportation	1,644	1,671	28	1.7%
Special Education	1,010	1,034	25	2.4%
Limited English Proficiency Grants	805	789	-17	-2.1%
Declining Enrollment Grants	0	133	133	n/a
Adult Education	480	480	0	0.0%
Aging Schools	0	38	38	n/a
Other Education Aid	447	471	24	5.3%
Primary & Secondary Education	***$14,112***	***$14,223***	***$111***	***0.8%***
Libraries	$109	$113	$3	2.8%
Community Colleges	1,750	1,811	61	3.5%
Health Formula Grant	486	539	53	10.8%
Transportation[1]	1,259	1,661	402	32.0%
Police and Public Safety[1]	422	422	0	0.0%
Fire and Rescue Aid[1]	317	336	18	5.8%
Recreation and Natural Resources	160	274	114	71.6%
Total Direct Aid	**$18,615**	**$19,378**	**$763**	**4.1%**
Aid Per Capita ($)	$499	$520	$20	4.1%
Property Tax Equivalent ($)	0.22	0.23	0.01	4.2%

[1] 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 2018 State payments for Talbot County for teachers, librarians, and community college faculty are estimated to be $3,747,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$22,680,000
Family Health and Chronic Disease	448,000
Developmental Disabilities	4,031,000
Behavioral Health Services	4,255,000
Social Services	
Homeless Services	26,000
Women's Services	21,000
Adult Services	50,000
Child Welfare Services	1,340,000
Foster Care	1,058,000
Temporary Cash Assistance	76,000
Senior Citizen Services	
Long-term Care	377,000
Community Services	121,000

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

C. Selected State Grants for Capital Projects

<u>Chesapeake College</u>

Todd Performing Arts Center – chiller and roof replacement	$646,000

<u>Waterway Improvement</u>

Back Creek Park – facility improvements	95,000
Dogwood Harbor – maintenance dredging	100,000
Oxford – public boating facilities improvements	25,000

<u>Other Projects</u>

Chesapeake Bay Maritime Museum	250,000

D. Capital Projects for State Facilities in the County

<u>Military</u>

Easton Readiness Center	$3,587,000
Easton Readiness Center (federal funds)	2,666,000

Washington County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$100,354	$103,361	$3,008	3.0%
Compensatory Education	42,914	44,799	1,884	4.4%
Student Transportation	7,217	7,378	161	2.2%
Special Education	8,474	9,096	622	7.3%
Limited English Proficiency Grants	1,871	1,935	64	3.4%
Guaranteed Tax Base	5,632	6,591	959	17.0%
Adult Education	166	166	0	0.0%
Aging Schools	0	135	135	n/a
Other Education Aid	2,030	2,230	200	9.9%
Primary & Secondary Education	***$168,657***	***$175,692***	***$7,034***	***4.2%***
Libraries	$1,238	$1,294	$56	4.5%
Community Colleges	9,336	9,389	53	0.6%
Health Formula Grant	1,797	1,885	88	4.9%
Transportation[1]	2,868	3,310	442	15.4%
Police and Public Safety[1]	1,513	1,513	0	0.0%
Fire and Rescue Aid[1]	341	341	0	-0.1%
Recreation and Natural Resources	451	774	323	71.6%
Disparity Grant	1,607	1,660	53	3.3%
Other Direct Aid	117	116	-1	-0.8%
Total Direct Aid	**$187,924**	**$195,972**	**$8,047**	**4.3%**
Aid Per Capita ($)	$1,250	$1,304	$54	4.3%
Property Tax Equivalent ($)	1.49	1.53	0.04	2.9%

[1] 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 2018 State payments for Washington County for teachers, librarians, and community college faculty are estimated to be $18,339,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$115,011,000
Family Health and Chronic Disease	621,000
Developmental Disabilities	23,262,000
Behavioral Health Services	20,682,000
Social Services	
Homeless Services	144,000
Women's Services	217,000
Adult Services	291,000
Child Welfare Services	4,803,000
Foster Care	5,675,000
Temporary Cash Assistance	821,000
Senior Citizen Services	
Long-term Care	283,000
Community Services	107,000

C. Selected State Grants for Capital Projects

Public Schools*

Clear Spring Elementary School – renovations (roof)	$627,000
Fountaindale Elementary School – renovations (HVAC)	1,119,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Hagerstown Community College

SMART House/Energy Efficiency Training Center	1,088,000
Student Center – parking lot construction	448,000

Community Health Facilities Grant Program

Way Station, Inc.	270,000

Community Parks and Playgrounds

Byron Memorial Park	200,000
City Park	100,000
Shafer Park	60,000
Veterans Park	10,000

Water Supply Financial Assistance Program

Funkstown – water meter replacement/leak repairs	227,000
Smithsburg – mixers and auto flushers	70,000

Other Projects

Hagerstown – urban improvement project	200,000
The Maryland Theatre	1,500,000
Williamsport American Legion Post 202 – World War II Monument	65,000

D. Capital Projects for State Facilities in the County

Department of Public Safety and Correctional Services

Correctional Training Center – replace windows and heating systems	$663,000

Maryland Environmental Service

Maryland Correctional Institution – wastewater treatment plant upgrades	3,500,000

Wicomico County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$73,230	$74,765	$1,535	2.1%
Compensatory Education	42,669	44,370	1,701	4.0%
Student Transportation	5,280	5,341	61	1.2%
Special Education	8,016	8,142	127	1.6%
Limited English Proficiency Grants	4,251	4,867	616	14.5%
Guaranteed Tax Base	6,018	6,568	550	9.1%
Adult Education	309	309	0	0.0%
Aging Schools	0	107	107	n/a
Other Education Aid	1,275	1,535	260	20.4%
Primary & Secondary Education	***$141,049***	***$146,005***	***$4,956***	***3.5%***
Libraries	$1,001	$1,051	$51	5.1%
Community Colleges	5,070	5,111	42	0.8%
Health Formula Grant	1,307	1,342	35	2.7%
Transportation[1]	2,367	2,623	257	10.8%
Police and Public Safety[1]	1,117	1,117	0	0.0%
Fire and Rescue Aid[1]	332	332	0	-0.1%
Recreation and Natural Resources	301	517	216	71.6%
Disparity Grant	7,645	8,233	588	7.7%
Teachers Retirement Supplemental Grant	1,568	1,568	0	0.0%
Other Direct Aid	25	23	-2	-8.0%
Total Direct Aid	**$161,781**	**$167,922**	**$6,141**	**3.8%**
Aid Per Capita ($)	$1,577	$1,637	$60	3.8%
Property Tax Equivalent ($)	2.63	2.68	0.05	1.8%

[1] 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 2018 State payments for Wicomico County for teachers, librarians, and community college faculty are estimated to be $12,812,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$93,421,000
Family Health and Chronic Disease	881,000
Developmental Disabilities	18,416,000
Behavioral Health Services	14,837,000
Social Services	
Homeless Services	54,000
Women's Services	95,000
Adult Services	25,000
Child Welfare Services	2,861,000
Foster Care	1,792,000
Temporary Cash Assistance	598,000
Senior Citizen Services	
Long-term Care	546,000
Community Services	397,000

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/lighting)	$2,500,000
West Salisbury Elementary School – construction	5,000,000

* The final allocation of fiscal 2018 school construction funding will be made in May 2017.

Public Libraries

Salisbury Library – renovation	145,000

Community Parks and Playgrounds

Gordy Park	45,000
Salisbury Skatepark	180,000

Waterway Improvement

Mardela Springs – boat ramp improvements	20,000
Salisbury – replace Riverside Drive boat ramp	99,000

Other Projects

Arthur Perdue Stadium	500,000
Lower Shore Clinic – Day Program for Seniors with Disabilities Facility	100,000
Salisbury – infrastructure upgrades	1,000,000

D. Capital Projects for State Facilities in the County

Department of Agriculture

Salisbury Animal Health Laboratory	$630,000

Worcester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2017	FY 2018	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$6,538	$6,618	$80	1.2%
Compensatory Education	7,302	7,281	-21	-0.3%
Student Transportation	3,016	3,075	59	2.0%
Special Education	1,785	1,835	50	2.8%
Limited English Proficiency Grants	367	347	-20	-5.4%
Adult Education	194	194	0	0.0%
Aging Schools	0	38	38	n/a
Other Education Aid	549	462	-88	-16.0%
Primary & Secondary Education	***$19,752***	***$19,851***	***$99***	***0.5%***
Libraries	$150	$155	$4	2.9%
Community Colleges	2,243	2,271	28	1.2%
Health Formula Grant	704	1,002	298	42.3%
Transportation[1]	1,693	1,747	54	3.2%
Police and Public Safety[1]	768	768	0	0.0%
Fire and Rescue Aid[1]	384	383	0	-0.1%
Recreation and Natural Resources	284	488	204	71.6%
Gaming Impact Aid	3,458	3,556	98	2.8%
Other Direct Aid	549	428	-121	-22.1%
Total Direct Aid	**$29,986**	**$30,648**	**$662**	**2.2%**
Aid Per Capita ($)	$583	$596	$13	2.2%
Property Tax Equivalent ($)	0.20	0.20	0.00	0.0%

[1] 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 2018 State payments for Worcester County for teachers, librarians, and community college faculty are estimated to be $7,245,000.

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 2018 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 2017) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medicaid	$33,977,000
Family Health and Chronic Disease	635,000
Developmental Disabilities	2,564,000
Behavioral Health Services	7,425,000
Social Services	
Homeless Services	20,000
Women's Services	120,000
Adult Services	50,000
Child Welfare Services	1,633,000
Foster Care	1,312,000
Temporary Cash Assistance	94,000
Senior Citizen Services	
Long-term Care	546,000
Community Services	397,000

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	$50,000

Community Health Facilities Grant Program

Joan W. Jenkins Foundation, Inc.	101,000

Community Parks and Playgrounds

Gorman Park Pickleball Courts	115,000

Waterway Improvement

64th Street – channel dredging	200,000
Public Landing Marina – improvements	50,000

Other Projects

Atlantic General Hospital	681,000
Believe in Tomorrow Cottage By the Sea	100,000
Ocean City Convention Center	500,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Ocean City – beach replenishment	$2,000,000

Part B
Taxes

Property Tax

Property Tax Administration

Assessment Appeals

The property tax assessment appeal process typically begins with an appeal of the notice of assessment. These notices are mailed to property owners in late December by the State Department of Assessments and Taxation (SDAT). An appeal may be filed with the supervisor of assessments within 45 days of the date of the notice. For properties that transfer after January 1 but before the beginning of the taxable year, the new owner has 60 days from the date of transfer to file an appeal regarding the property value or classification. Following that appeal, the property owner receives a final notice. If the taxpayer is not satisfied with the outcome, the next appeal must be made to the Property Tax Assessment Appeal Board (PTAAB) within 30 days from the date of the final notice. A further appeal may be taken to the Maryland Tax Court within 30 days of receiving notice from the board. Any further appeals are made through the judicial system, including the circuit court, the Court of Special Appeals, and the Court of Appeals.

House Bill 592 ***(passed)*** requires the supervisor of assessments and PTAAB to hold a hearing on an appeal regarding the value or classification of owner-occupied residential real property no later than 120 days after receiving the appeal, unless a postponement is requested. The supervisor of assessments must give written notice of the final value or classification of a dwelling to the person making the appeal no later than 60 days after the appeal hearing. PTAAB must send an order or notice of assessment of a dwelling to the person making the appeal no later than 30 days after making the appeal.

House Bill 1394 ***(passed)*** prohibits SDAT, when conducting a real property reassessment after an appeal, from automatically eliminating a reduction in an assessment of the property that was granted by a PTAAB or the Maryland Tax Court. SDAT may eliminate a reduction in the assessment that was granted if the specific reason for the reduction no longer applies.

House Bill 1402 ***(passed)*** requires the tax collector to whom property tax was paid to pay a full refund to a taxpayer within 30 days after SDAT provides notice to the tax collector that an appeal authority has issued a decision that reduces the assessed value of property. The notice must include a list of all properties for which an appeal authority has calculated that a taxpayer is due a refund as a result of a decision by the appeal authority to reduce the assessed value of the property. An appeal authority includes a supervisor, SDAT, PTAAB, the Maryland Tax Court, and any other court authorized to hear property tax appeals.

Homestead Property Tax Credit

The Homestead Tax Credit Program (assessment caps) provides tax credits against State, county, and municipal real property taxes for owner-occupied residential properties for the amount of real property taxes resulting from an annual assessment increase that exceeds a certain percentage or "cap" in any given year. The State requires the cap on assessment increases to be set at 10% for State property tax purposes; however, local governments have the authority to set their caps between 0% and 10%.

House Bill 351 ***(passed)*** extends the deadline by which Baltimore City and county governments (from November 15 to March 15) and municipalities (from November 25 to March 25) must set or alter the homestead property tax credit percentage in a taxable year and then notify SDAT of any changes. ***House Bill 351*** also authorizes SDAT to recalculate the constant yield tax rate by April 15 if a county or municipality changes the homestead tax credit percentage. In addition, ***House Bill 351*** requires assessment notices to include a statement that the taxable assessment may change if a county or municipality changes the homestead tax credit percentage, and that the final taxable assessment will be stated on the next property tax bill.

Property Tax Credits

Fallen Law Enforcement Officers and Surviving Spouses

Chapters 558 and 559 of 2016 authorized Harford County to expand an existing optional local property tax credit for disabled law enforcement officers or rescue workers to also be available for specified surviving spouses or cohabitants under certain circumstances.

Senate Bill 282*/*House Bill 231 ***(both passed)*** authorize all county and municipal governments to expand an existing optional local property tax credit for a dwelling owned by the surviving spouse of a specified fallen law enforcement officer or rescue worker to include the cohabitant of a specified fallen law enforcement officer or rescue worker. In addition, ***Senate Bill 282***/***House Bill 231*** increase the number of years, from 2 to 10, within which a disabled law enforcement officer or rescue worker or the surviving spouse of a fallen law enforcement officer or rescue worker must have acquired specified residential property in order to qualify for the property tax credit. Because the bills expand the provisions of law in Chapters 558 and 559 of 2016 to all counties and municipalities, the legislation repeals the provisions of law pertaining only to Harford County.

Senior Citizens and Retired Military Personnel

Chapter 498 of 2016 authorized local governments to grant, by law, a property tax credit for a dwelling owned by (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.

House Bill 1234 ***(passed)*** alters the eligibility criteria of this property tax credit for specified members of the U.S. Armed Forces by specifying that eligible individuals must be members of the uniformed services of the United States as defined by 10 U.S.C. Section 101, the military reserves, or the National Guard. This extends eligibility for the credit to the National Oceanic and Atmospheric Administration and the Public Health Commissioned Corps.

Public Safety Officers

House Bill 979 ***(passed)*** authorizes county and municipal governments to grant, by law, a property tax credit for a dwelling owned by a specified public safety officer. The amount of the property tax credit may not exceed $2,500 and the amount of property tax imposed on the dwelling. SDAT is responsible for the administrative duties that relate to the application and determination of eligibility for the property tax credit. County and municipal governments must reimburse SDAT for the reasonable cost of administering the property tax credit.

Revitalization Districts

House Bill 1323 ***(passed)*** authorizes county and municipal governments to grant, by law, a property tax credit for a dwelling that is (1) located in a revitalization district; (2) owned by a homeowner who, on or after June 1, 2017, made substantial improvements to the dwelling in compliance with the code and laws applied to dwellings; and (3) reassessed at a higher value. The property tax credit phases out over a five-year period.

Erosion Control Structures

Senate Bill 108 ***(passed)*** alters the requirements for an existing optional local property tax credit for specified erosion control structures. To qualify for the tax credit, as specified by ***Senate Bill 108***, the erosion control structures, devices, and procedures must, with respect to erosion control structures, devices, and procedures implemented after June 30, 2017, (1) meet the standards of a nonstructural shoreline stabilization measure or (2) meet the standards of a structural shoreline stabilization measure if the erosion control structure or device is located in an area designated by the Maryland Department of the Environment (MDE) as appropriate for structural shoreline stabilization measures and not suitable for a living shoreline. In this second case, MDE must grant the taxpayer a waiver from the construction of a nonstructural shoreline stabilization measure. These standards do not apply to the implementation of a measure required to change drainage patterns.

Property Suffering Flood Damage

Senate Bill 261 ***(passed)*** expands eligibility for an optional local property tax credit for property that has suffered flood or sewage damage to property that has suffered damage caused by a natural disaster.

Tax Sales

Task Force to Study Tax Sales

Senate Bill 823/House Bill 659 ***(both passed)*** establish a task force to study tax sales in the State. The task force must (1) evaluate and assess the impact of tax sales; (2) evaluate how tax sales are conducted in each county; (3) evaluate tax sales to collect delinquent water charges and alternative methods of collecting delinquent water charges; and (4) examine and make recommendations for reform of the tax sale process in the State. The task force must report its findings and recommendations to the Governor and the General Assembly by December 1, 2017.

Foreclosure of Right of Redemption – Naming of Defendants

Senate Bill 753/House Bill 861 ***(both passed)*** establish procedures for joining an individual who is or is believed to be deceased and is required to be named as a defendant in an action to foreclose the right of redemption on a property purchased at tax sale.

Prince George's County – Limited Auction and Foreclosure for Abandoned Property

House Bill 1573 ***(passed)*** requires the tax collector in Prince George's County to conduct an additional limited auction, prior to the public auction, for any property to be sold for the collection of past due taxes. The limited auction must be open to bids only from an individual who is (1) an employee of the Prince George's County Public School System; (2) an employee of the Prince George's County Police Department; (3) an employee of the Prince George's County Fire Department; (4) an employee of the Prince George's County Office of the Sheriff; (5) an employee of the Prince George's County Department of Corrections; (6) an employee of the Prince George's County government; (7) an employee of the federal government; (8) an employee of a municipal government in Prince George's County; (9) a veteran of any branch of the Armed Forces of the United States who has received an honorable discharge; or (10) a resident of Prince George's County. A certificate of sale issued to a purchaser at a limited auction may not be assigned to another person.

Local Property Tax Credits

Allegany County

Senate Bill 592/House Bill 923 ***(both passed)*** authorize Allegany County and municipalities in the county to grant a property tax credit for property that is owned by (1) the Frostburg Museum Association; (2) the Allegany County Animal Shelter Management Foundation; (3) the Family Junction; (4) the LaVale Swim Club; and (5) the Lions Center, the

Lions Center I, or the Lions Center II and known as the Lions Center for Rehabilitation and Extended Care. The credit applies retroactively to taxable years beginning after June 30, 2016.

Anne Arundel County

Senate Bill 930/House Bill 695 ***(Chs. 95 and 96)*** authorize Anne Arundel County to exempt or partially exempt specified economic development projects from the county real and personal property tax under certain conditions. To qualify for the tax exemption, the owner of the economic development project and the county must enter into a certain payment in lieu of taxes agreement by June 30, 2020.

Senate Bill 251/House Bill 1269 ***(Chs. 59 and 60)*** authorize Anne Arundel County and municipalities in the county to grant, by law, a property tax credit for real property owned and used as the principal residence of an individual who is at least 62 years old and of limited income.

Charles County

Senate Bill 569/House Bill 649 ***(Chs. 84 and 85)*** authorize Charles County to grant, by law, a property tax credit for property owned by a business entity that obtains new or expanded premises in a specified priority funding area by purchasing newly constructed premises, constructing new premises, or causing new premises to be constructed. The credit phases out over 10 years.

Howard County

House Bill 566 ***(Ch. 131)*** authorizes Howard County to exempt, from the county property tax, the personal property owned or leased by a business located in a local historic district or a national register district. A local historic district is defined as a district that Howard County has designated under local law as historic. ***House Bill 572*** ***(Ch. 137)*** authorizes Howard County to grant a property tax credit for commercial real property that has been determined to have suffered flood damage or sewer damage caused by flood conditions. The exemption expires after five years.

Kent County

Senate Bill 389/House Bill 302 ***(Chs. 125 and 126)*** authorize Kent County to grant, by law, a property tax credit for property owned by a business that obtains new, improved, or expanded premises in a commerce zone by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or improving existing premises for occupation by the business entity. The credit phases out over 10 years and applies retroactively to taxable years beginning after June 30, 2015.

Montgomery County

House Bill 342 ***(Ch. 129)*** alters one of the eligibility criteria for a specified local enterprise zone property tax credit in Montgomery County by extending the date by which improvements must be made on the property from January 1, 2020, to January 1, 2025. The property must (1) be located within the area encompassed by the Burtonsville Crossroads Neighborhood Plan developed by the Montgomery County Planning Department and (2) be zoned for commercial or commercial/residential mixed use development.

House Bill 346 ***(Ch. 118)*** authorizes Montgomery County to grant, by law, a property tax credit for a dwelling owned by a specified Montgomery County public safety officer. The amount of the property tax credit may not exceed \$2,500 and the amount of property tax imposed on the dwelling. SDAT is responsible for the administrative duties that relate to the application and determination of eligibility for the property tax credit. Montgomery County must reimburse SDAT for the reasonable cost of administering the property tax credit.

Prince George's County

Chapter 402 of 2012 authorized Prince George's County to exempt specified economic development projects located in designated focus areas from county real property taxes. ***House Bill 1578*** ***(Ch. 147)*** extends the June 30, 2017 sunset provision of Chapter 402 to June 30, 2021.

Income Tax

More Jobs for Marylanders Program

As proposed by the Administration, ***Senate Bill 317*** ***(Ch. 149)*** would have established tax incentives for new manufacturing businesses that locate within a qualified distressed county (QDC) and an income tax credit for existing manufacturers within a QDC. The bill also would have allowed any manufacturer located in the State to claim increased expensing amounts under the State income tax by conforming State law to the maximum aggregate costs of expensing allowed under Section 179 of the Internal Revenue Code (IRC) and to claim any bonus depreciation amounts provided under Section 168(k) of the IRC.

As passed by the General Assembly, ***Senate Bill 317*** establishes the More Jobs for Marylanders Program, to be administered by the Department of Commerce. A new manufacturing business that locates within certain counties may be entitled to a 10-year (1) income tax credit based on the number of jobs created at a qualifying facility; (2) State property tax credit equal to 100% of the tax imposed on the facility's real property; (3) sales and use tax refund for specified purchases; and (4) exemption from paying corporate filing fees. Existing manufacturing businesses located within the State may qualify for the 10-year income tax credit. The Act also allows any manufacturer located in the State to claim increased expensing amounts under the State income tax by conforming State law to the maximum aggregate costs of expensing allowed under Section 179 of the IRC and to claim any bonus depreciation amounts provided under Section 168(k) of the IRC.

In addition to establishing manufacturing tax incentives, ***Senate Bill 317*** also (1) alters the definition of a QDC to include counties with unemployment rates at least two percentage points higher than the State average; (2) establishes an income tax credit for businesses that employ an eligible apprentice; (3) establishes Workforce Development Sequence Scholarships for eligible students who are enrolled in a job skills program at a community college; (4) requires specified vocational goals to be established for high school students; and (5) requires State agencies to analyze and report specified information on registered apprenticeship programs.

It is estimated that the Act will reduce State finances by $0.8 million in fiscal 2018, $12.0 million in fiscal 2019, $52.0 million in fiscal 2020, $27.8 million in fiscal 2021, and $25.6 million in fiscal 2022.

Other Tax Credit Legislation

New Tax Credits

Veteran Employees: ***Senate Bill 807*/*House Bill 349*** ***(both passed)*** create a tax credit against the State income tax for a small business that hires a qualified veteran employee. A small business may claim an income tax credit that may not exceed 30% of up to the first $6,000 of wages paid to the qualified veteran employee during the first year of employment. A small business may not claim the credit for more than five qualified veteran employees in a taxable year, and a maximum of $500,000 in credits may be issued annually by the Department of Commerce.

Food Donation Pilot Program: ***Senate Bill 416*/*House Bill 472*** ***(both passed)*** allow a qualified farm located in Anne Arundel, Calvert, Charles, Montgomery, Prince George's, or St. Mary's counties to claim a nonrefundable tax credit against the State income tax for eligible food donations. The value of the credit is equal to 50% of the value of the eligible food donation (75% for certified organic produce), not to exceed $5,000 in the taxable year. A maximum of $250,000 in credits may be awarded annually in tax years 2017, 2018, and 2019.

Independent Living: ***Senate Bill 180*/*House Bill 644*** ***(both passed)*** create a tax credit against the State income tax for an individual that incurs qualified expenses to renovate an existing home with accessibility and universal visitability features to assist individuals with disabilities. The nonrefundable credit is equal to 50% of the qualified expenses, not to exceed $5,000 per taxpayer, and $1 million in aggregate credits may be approved by the Department of Housing and Community Development each year.

Energy Storage Systems: ***Senate Bill 758*** ***(passed)*** authorizes a taxpayer that receives a tax credit certificate from the Maryland Energy Administration (MEA) to claim a credit against the State income tax for the costs of installing an energy storage system. The value of the credit is equal to 30% of the costs, not to exceed $5,000 for a residential system or $75,000 for a commercial system. MEA may issue a maximum of $750,000 in tax credit certificates annually. The credit may be claimed for qualified systems installed between January 1, 2018, and December 31, 2022.

Tax Credit Extensions

Chapter 478 of 2012 established the employer security clearance costs tax credit program. The program allows a business to claim a tax credit against the State income tax for certain federal government security clearance expenses. ***Senate Bill 138*/*House Bill 873*** ***(both passed)*** extend the termination date of the tax credit program through tax year 2021. It is estimated that extending the tax credit will decrease State revenues by $1.9 million annually in fiscal 2019 through 2023.

The Budget Reconciliation and Financing Act of 2013 established an income tax credit for the cost of registering in Maryland a tractor-trailer (Class F vehicle) that is titled in the State. ***Senate Bill 57*** ***(passed)*** alters and extends the tax credit through tax year 2019. The Motor Vehicle Administration is authorized to issue in each tax year a maximum of $10,000 in tax credits to a single taxpayer and a total of $500,000 in tax credits on a first-come, first-served basis.

Tax Credit Expansions and Alterations

Chapters 515 and 516 of 2000 established the research and development tax credit. There are two types of credits available to businesses – a basic credit and a growth credit. ***Senate Bill 200*** ***(passed)*** expands the research and development tax credit by increasing from $9.0 million to $12.0 million the aggregate amount of credits that the Department of Commerce can approve in each calendar year. The amount of basic credits that can be awarded annually is increased from $4.5 million to $5.5 million, and the annual amount of growth credits that can be awarded is increased from $4.5 million to $6.5 million. It is estimated that expanding the credit will decrease State revenues by $2.4 million in fiscal 2018, $2.6 million in fiscal 2019, and by $2.8 million annually thereafter.

Senate Bill 226*/*House Bill 373 (both passed) expand eligibility for the biotechnology investment tax credit by specifying that a biotechnology company is a company that has been an active business for a maximum of (1) 12 years; (2) 12 years from the date the company first received a qualified investment under the program; or (3) 15 years if the Department of Commerce determines that the company needs additional time to complete the process of regulatory approval. The bills also specify that a biotechnology company includes an entity that meets the specified requirements of the program within two months of receiving a qualified investment and provide for recapture of the credit if the entity does not satisfy this requirement.

Chapters 385 and 386 of 2016 established tax credits against the State income tax for a licensed physician or nurse practitioner who serves without compensation as a preceptor in an approved preceptorship program. ***Senate Bill 436*/*House Bill 683*** ***(both passed)*** alter eligibility for the preceptorship tax credits by specifying that, in order to qualify, each rotation worked by a qualifying preceptor must consist of at least 100 hours of community-based clinical training. The bills also clarify that the certification fee charged by the State Board of Nursing to renew an advanced practice registered nurse certification is charged per practitioner, regardless of the number of certifications held by the practitioner.

Subtraction Modification Legislation

Senate Bill 597*/*House Bill 100 ***(both passed)*** allow retirement income to qualify for the State pension exclusion if the individual is at least 55 years old and the retirement income is attributable to employment as a law enforcement officer or as fire, rescue, or emergency services personnel of the United States, the State, or a local jurisdiction. The maximum exclusion in the tax year is limited to $15,000. It is estimated that this expansion of the subtraction modification will decrease State revenues by $3.7 million in fiscal 2018 and by about $4.0 million annually thereafter.

Senate Bill 367 ***(passed)*** reestablishes the subtraction modification under the State income tax for qualified mortgage debt relief. The subtraction modification may be claimed in tax years 2017 and 2018 for the amount of the discharge of qualified principal residence indebtedness allowable under the federal Mortgage Forgiveness Debt Relief Act of 2007, as amended. The maximum amount of the subtraction may not exceed $100,000 ($200,000 if married filing jointly). It is estimated that the subtraction modification will decrease State revenues by $3.9 million annually in fiscal 2018 and 2019.

House Bill 83 ***(passed)*** expands the existing subtraction modification for income resulting from the discharge of student loan debt by eliminating the requirement that only student loans that are discharged due to total and permanent disability or death qualify for the exclusion.

House Bill 822 ***(passed)*** increases to $5,000 the value of the State income tax subtraction modification for qualifying police auxiliaries or reserve volunteers. The increase is phased in over three years, beginning with tax year 2017.

House Bill 3 ***(passed)*** establishes a subtraction modification under the State income tax for the value of specified medals and prize money or honoraria received by an individual who competes in the Olympic Games, the Paralympic Games, the Special Olympic Games, or the Deaflympic Games.

Revenue Volatility

Due to the ups and downs of the business cycle, revenue volatility is unavoidable for state governments. The underlying variability in taxpayer incomes is what drives the volatility of the income tax. Nonwithholding payments are generally related to income other than wages, and this income is often quite volatile, especially capital gains. The Department of Budget and Management, the Comptroller, and the Department of Legislative Services issued a report in November 2016 on the volatility of Maryland's revenues and recommended an approach to reducing volatility. Consequently, ***House Bill 503*** ***(Ch. 4)*** requires the Bureau of Revenue Estimates (BRE) to calculate the share of general fund revenues represented by nonwithholding income tax revenues from the State individual income tax, beginning with the revenue estimate for fiscal 2020.

At the end of fiscal 2020, and each fiscal year thereafter, if general fund revenues for the fiscal year are less than BRE's March estimate, the amount of nonwithholding income tax revenues that exceeds the capped estimate must be applied to close the revenue gap for that fiscal year. If the available nonwithholding income tax revenues exceed the amount that is needed to close the gap and if the Revenue Stabilization Account (also known as the Rainy Day Fund) balance is less than 6% of the estimated general fund revenues for that fiscal year, the Comptroller must distribute to the Revenue Stabilization Account the lesser of (1) the remaining balance of nonwithholding income tax revenues in excess of the capped estimate or (2) the amount required for the account balance to equal 6% of the estimated general fund revenues for that fiscal year. The Comptroller must distribute 50% of any remaining amount to the Revenue Stabilization Account, unless that account exceeds 10% of general fund revenues. Any remainder must be distributed to the newly established Fiscal Responsibility Fund. Revenues from the Fiscal Responsibility Fund are to be appropriated in the second following fiscal year for specified pay-as-you-go capital projects.

Tax Administration

Senate Bill 36 ***(passed)*** authorizes the Comptroller to exempt a taxpayer from the requirement that specified tax credits must be claimed electronically.

As a result of inquiries about local income tax distributions to certain municipalities, a determination was made that local income tax revenues were not accurately distributed by the Comptroller in recent years. In response to these findings, Chapter 24 of 2016 established 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. ***Senate Bill 397*****/*****House Bill 1433*** ***(both passed)*** repeal the requirement that a county or municipality that is determined to have received an overpayment of local income tax revenues pursuant to Chapter 24 must reimburse the local income tax reserve account for the amount of the overpayment. The bills also specify that it is the intent of the General Assembly that the Comptroller return from the local income tax reserve account any reimbursement payment made by a county or municipality pursuant to Chapter 24.

Sales Tax

Taxable Services

Security services, including detective, guard, or armored car services, are subject to the State sales and use tax. ***Senate Bill 235*** ***(passed)*** clarifies that the sales tax on detective services is applicable to licensed detective services. The bill also prohibits the Comptroller from using certain law and regulations to impose the sales tax on detective services unless the service is provided by a person who is authorized, or required to be authorized, to provide private detective services under the Business Occupations and Professions Article. Finally, the bill applies retroactively, in accordance with provisions of existing law, within the four-year statute of limitations period for recovery or refund of sales and use tax.

Light Rail Vehicles

House Bill 713 ***(passed)*** exempts from the State sales and use tax the sale of a light rail transit vehicle or related equipment if the vehicle will be used to provide transit service on the Purple Line in Montgomery County and Prince George’s County. The Purple Line is a 16-mile light rail line that will extend from Bethesda in Montgomery County to New Carrollton in Prince George’s County. The line will provide a direct connection to specified Metrorail lines and connect to Maryland Area Regional Commuter trains, Amtrak, and local bus services.

Tax-free Period for Backpacks and Bookbags

Chapter 6 of the 2007 special session created an annual sales tax-free period for back-to-school shopping for the purchase of any item of clothing or footwear, excluding accessories, that costs $100 or less. ***Senate Bill 622/House Bill 530*** ***(both passed)*** add backpacks and bookbags to the list of eligible items during the tax-free period by exempting the first $40 of the price of the backpack or bookbag.

Miscellaneous Taxes

Tax Administration

Senate Bill 304 ***(passed)*** makes several changes to current law regarding tax enforcement and compliance. The bill (1) prohibits a person from providing individual tax preparation services if the person is not registered with the State Board of Individual Tax Preparers; (2) authorizes the disclosure of certain tax information to a U.S. Department of Justice attorney, including a U.S. Attorney, and the State Board of Individual Tax Preparers; (3) expands the police powers of the Comptroller's Field Enforcement Bureau to include admissions and amusement, income, and sales and use taxes; (4) requires that employers submit certain income tax withholding information electronically; (5) expands the list of tax returns that are treated as protected tax information; (6) authorizes a tax collector to assess a penalty not exceeding 100% of the tax due resulting from a false return on a person hired to prepare a tax return who makes a false tax return with the intent to evade the payment of tax; (7) authorizes the Comptroller to assess a penalty of $100 for each violation on an employer or payor who willfully failed to provide an annual withholding reconciliation report or provides a false withholding reconciliation report; and (8) authorizes the Attorney General to bring an action to enjoin a person from acting as an income tax return preparer and allows a court to issue such an injunction if the court makes certain determinations.

House Bill 112 ***(passed)*** repeals the requirement that the Comptroller, when setting the annual interest rate for tax refunds and monies owed to the State, round the interest rate to the nearest whole number. General fund revenues decrease by $1 million in fiscal 2018 due to the decrease in interest income revenues from not rounding the interest rate.

Transportation Taxes

Senate Bill 393/***House Bill 406*** ***(both passed)*** extend through fiscal 2020 the termination dates of the qualified plug-in electric vehicle excise tax credit and the Electric Vehicle Recharging Equipment Rebate Program. The bills authorize the Motor Vehicle Administration to award an annual maximum of $3.0 million in vehicle excise tax credits in fiscal 2018 through 2020. The bills increase the maximum amount of electric vehicle recharging equipment rebates that the Maryland Energy Administration may award in each year from $600,000 to $1.2 million. The bills also generally decrease the value of the incentives and alter certain eligibility requirements. For a further discussion of ***Senate Bill 393*** and ***House Bill 406***, see the subpart "Motor Vehicles" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

House Bill 55 ***(passed)*** alters the definition of aviation gasoline under the motor fuel tax by specifying that aviation gasoline is gasoline that is used to propel gasoline-powered aircraft and is (1) invoiced as aviation gasoline or (2) received, sold, stored, or withdrawn from storage by a person for the purpose of propelling gasoline-powered aircraft. Aviation gasoline is also defined as not including gasoline used to propel a motor vehicle.

House Bill 627 ***(passed)*** allows a refund of the motor fuel taxes paid for use by a vehicle that is used only in the transportation system of a local jurisdiction to transport the public via demand response trips. Demand response trips are defined as transporting passengers who are unable to use regular schedule, fixed termini services and include trips that are required under the federal Americans with Disabilities Act.

Senate Bill 449*/*House Bill 1360 ***(both passed)*** exempt from the motor vehicle excise tax and the titling fee certain vehicles that are transferred without consideration if the vehicle is transferred to or from specified trusts. In addition, the bills provide that, for purposes of certain tax exemptions for property transferred to or from specified trusts, "consideration" does not include the amount of any obligation under other writings encumbering the transferred property.

Recordation and Transfer Taxes

Senate Bill 111*/*House Bill 363 ***(Chs. 63 and 64)*** exempt from recordation and transfer taxes the transfer of real property from a sole proprietorship to a limited liability company if the sole member of the limited liability company is identical to the converting sole proprietor and specified other conditions are met. The Acts also clarify that the transfer of a controlling interest in a limited liability company that is the product of an untaxed conversion from a sole proprietorship is subject to the recordation and transfer tax under specified circumstances.

House Bill 469 ***(passed)*** exempts from recordation and transfer taxes the transfer of residential real property if (1) the property is subject to a purchase money mortgage or purchase money deed of trust; (2) the mortgagor filed a petition for bankruptcy under Title 11, Chapter 7 of the United States Code; (3) the mortgagor filed with the bankruptcy court a statement of intention to surrender the property; (4) the property was the principal residence of the mortgagor prior to the surrender of the property in bankruptcy; and (5) the property is transferred from the mortgagor to the holder of the purchase money mortgage or purchase money deed of trust.

House Bill 1604 ***(Ch. 148)*** establishes a county transfer tax exemption in Howard County for county law enforcement officers or fire and rescue services members. To be eligible for the exemption, the individual must meet the following requirements: (1) the property must be the individual's principal residence; (2) the individual must be a first-time homebuyer in Howard County; and (3) the individual must be employed as a county police officer, county deputy sheriff, or a fire and rescue services member for a minimum of three years following the home purchase. In addition, the Act limits the county transfer tax rate to 0.7% for a second or subsequent residential purchase by these individuals.

Inheritance Tax

***Senate Bill 276*/*House Bill 1104* (both passed)** alter the required documentation that a domestic partner of a decedent must produce in order to exempt from the State inheritance tax the value of a certain primary residence that passes to the domestic partner. Under the bills, an individual who asserts a domestic partnership must provide either, instead of both, an affidavit signed under penalty of perjury by two individuals stating that they have established a domestic partnership or any two of specified documents.

Miscellaneous Local Taxes

***Senate Bill 846*/*House Bill 1030* (both passed)** extend until July 1, 2022, the requirement that Baltimore City appropriate at least 40% of hotel room tax proceeds to Visit Baltimore for convention center marketing and tourism promotion and also authorize the proceeds to be used for convention center operations.

***Senate Bill 297*/*House Bill 431* (Chs. 119 and 120)** repeal obsolete provisions of public local law in St. Mary's County pertaining to tax abatements for specified manufacturing property.

Part C
State Government

State Agencies, Offices, and Officials

State Agencies

Responsibilities of Agencies

In the 2015 decision in *N.C. Board of Dental Examiners v. Federal Trade Commission*, the U.S. Supreme Court held that, in order to invoke state action immunity from federal antitrust liability, a state board on which a controlling number of decision makers are active market participants must satisfy the two pronged test established in *California Retail Liquor Dealers Assn. v. Midcal Aluminum Inc.*: (1) clear articulation of state policy and (2) active supervision by the State. ***Senate Bill 517/House Bill 628 (both passed)*** require the Secretary of each principal department to supervise each unit of State government within the Secretary's jurisdiction that is composed, in whole or in part, of individuals participating in an occupation or profession regulated by the unit in order to prevent unreasonable anticompetitive actions by the unit and determine whether the decisions and actions of the unit further a clearly articulated State policy to displace competition in the regulated market. The Office of Administrative Hearings (OAH) must review a decision or action of a board or commission within the Department of Health and Mental Hygiene (DHMH), in accordance with regulations adopted by the Secretary of Health and Mental Hygiene and OAH.

In a 2013 records management report, the Maryland State Archives (MSA) and the Department of General Services (DGS) recommended that Maryland's Executive and Legislative branches follow the lead of the federal government and mandate that State agencies update records management practices for the digital age. ***Senate Bill 44 (passed)*** requires units of State government to (1) include electronic records in record retention and disposal schedules; (2) maintain accurate and complete records inventories; and (3) transfer permanent records to the custody of MSA upon a specified determination by the State archivist. Each unit must also designate a records officer from its executive staff to develop and oversee a records management program and serve as a liaison to the Archives and the Records Management Division of DGS.

***Senate Bill 137*/*House Bill 165* (both passed)** require a State agency designated as an "official publisher" that publishes legal material only in an electronic record on or after October 1, 2017, to designate the electronic record as official. In order to designate the electronic record as official, the official publisher must authenticate the electronic record, take specified actions to preserve and secure the record, and ensure that the material is reasonably available for use by the public on a permanent basis. The bills create a legal presumption that authenticated legal material in an electronic record is an accurate copy of the legal material.

Open Meetings Act

***Senate Bill 450/House Bill 880* (both passed)**, prohibit a public body from meeting in closed session unless the public body designates a member to receive training on the Maryland Open Meetings Act, require a designated member to be at a meeting of the public body or for the public body to use a check list developed by the Office of the Attorney General, and alter the duties and reporting requirements for the Open Meetings Compliance Board. A public body in the Judicial Branch, or that is subject to governance by rules adopted by the Court of Appeals, is exempt from the provisions of the bills. The bills also require the board and other specified entities to collaborate and conduct research on open meetings issues related to the distribution of educational materials and the costs and benefits of tracking individual compliance with the Open Meetings Act.

Public Information Act

Each governmental unit that maintains public records must identify a representative who a member of the public may contact to request a public record. ***Senate Bill 1057*/*House Bill 383* (both passed)** require a custodian of a public record who denies an application for inspection of a public record under the Maryland Public Information Act to include in the written statement that explains the reasons for the denial, an explanation of why redacting information would not address the reasons for the denial.

Renaming of State Agencies

During the 2017 legislative session, several bills changed the names of agencies and other units of State government to better reflect the responsibilities and duties of the agency or unit as follows:

- ***Senate Bill 82*/*House Bill 180* (both passed)** rename the Department of Health and Mental Hygiene as the Maryland Department of Health;

- ***House Bill 103* (passed)** renames the Department of Human Resources as the Maryland Department of Human Services and the Child Support Enforcement Administration as the Child Support Administration; and

- ***Senate Bill 700*/*House Bill 1506* (both passed)** rename the Governor's Office of Minority Affairs as the Governor's Office of Small, Minority, and Women Business Affairs.

Councils and Commissions

Chapter 603 of 2013 established the Commission on the Commemoration of the 100th Anniversary of the Passage of the Nineteenth Amendment to the U.S. Constitution. ***Senate Bill 636*** ***(passed)*** expands the membership of the Commission on the Commemoration of the 100th Anniversary of the Passage of the Nineteenth Amendment to the U.S. Constitution to include a member of the Maryland Heritage Women's History Center.

House Bill 879 ***(Ch. 31)*** alters the disclosure and recusal requirements for regulated lobbyists who serve on specified boards and commissions. The Act also establishes the Citizens Advisory Board on Legislative Ethics to periodically recommend changes in the Maryland Public Ethics Law.

Senate Bill 571 ***(Ch. 17)*** establishes the Maryland Health Insurance Coverage Protection Commission to (1) monitor potential and actual federal changes to the federal Patient Protection and Affordable Care Act, Medicaid, the Maryland Children's Health Program (MCHP), Medicare, and the Maryland All-Payer Model; (2) assess the impact of such changes; and (3) provide recommendations for State and local action to protect access to affordable health coverage.

Senate Bill 884 ***(Ch. 18)*** establishes the Maryland Financial Consumer Protection Commission, staffed by the Department of Legislative Services. The commission must (1) assess the impact of potential changes to federal financial industry laws and regulations, budgets, and policies, including changes to specified federal financial regulators as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act and (2) issue recommendations for federal and State actions that are intended to protect residents of the State when conducting financial transactions and receiving financial services.

House Bill 119 ***(Ch. 3)*** establishes the Washington Metrorail Safety Commission (MSC) to act as the State safety oversight authority for the Washington Metropolitan Area Transit Authority (WMATA), as required by federal law. The purpose of MSC is to review, approve, oversee, and enforce the safety of the WMATA rail system. MSC must be financially and legally independent from WMATA.

House Bill 1287 ***(passed)*** establishes the Commission on the School-to-Prison Pipeline and Restorative Practices, staffed by the Center for Dispute Resolution at the University of Maryland School of Law. Members of the commission are not entitled to compensation but may be reimbursed for their expenses. The commission must report its findings and recommendations by January 1, 2019.

House Bill 810 ***(passed)*** conforms State law to federal law to designate the Division of Workforce Development and Adult Learning, rather than the Maryland Apprenticeship and Training Council, as the State apprenticeship agency that is charged with approving and overseeing apprenticeship programs.

The Military and Veterans

DHMH currently offers military cultural competency training throughout the State, in conjunction with the U.S. Department of Veterans Affairs and the Maryland Department of Veterans Affairs (MDVA), through DHMH's Maryland's Commitment to Veterans program. ***House Bill 275*** ***(passed)*** requires DHMH, in consultation with MDVA, to provide specified health occupations boards a list of recommended courses in military culture.

Senate Bill 857**/*****House Bill 1275*** ***(both passed)*** require each unit of State government to designate an employee to be a "veterans' services specialist" whose duties include the coordination of veterans' services with MDVA, providing the department with specified information about services the unit provides, and posting on the unit's website all services available for veterans from the unit. The bills also require the department to coordinate a meeting, on at least a quarterly basis, to discuss implementation of the bills' requirements and report to the Governor and the General Assembly by January 15 each year.

Senate Bill 441 ***(passed)*** establishes the Maryland Veterans Service Animal Program within the Maryland Department of Veterans Affairs. The program pairs veterans with service or support dogs. The department must select at least one nonprofit organization to carry out elements of the program. The bill also establishes a special fund to support the program and requires the department to adopt regulations to implement the program.

State Responses to Recent Federal Proposals

The following discussion summarizes bills and resolutions that the General Assembly considered during the 2017 legislative session to address recent proposed changes in federal policy.

Powers of the Attorney General

Senate Joint 5**/*****House Joint 3*** ***(both passed)*** direct the Attorney General to investigate, commence, and prosecute or defend any civil or criminal suit or action that is based on the federal government's action or inaction that threatens the public interest and welfare of the residents of the State with respect to (1) protecting the health of the residents of the State and ensuring the availability of affordable health care; (2) safeguarding public safety and security; (3) protecting civil liberties; (4) preserving and enhancing the economic security of workers and retirees; (5) protecting financial security of the residents of the State, including their pensions, savings, and investments, and ensuring fairness in mortgages, student loans, and the marketplace; (6) protecting the residents of the State against fraud and other deceptive and predatory practices; (7) protecting the natural resources and environment of the State; (8) protecting the residents of the State against illegal and unconstitutional federal immigration and travel restrictions; or (9) otherwise protecting as *parens patriae*, the State's interest in the general health and well-being of its residents.

The role of the Attorney General is further clarified by ***House Bill 913*** ***(Ch. 26)***, which establishes a process by which the Attorney General must provide notice to the Governor of an intended suit or action authorized by this Act and requires that the Governor's proposed budget for fiscal 2019 and each subsequent year appropriate at least $1 million for the Attorney General to use only for carrying out the bill's provisions and employing five attorneys. The Act also authorizes the Attorney General to employ *pro bono* assistant counsel that the Attorney General considers necessary to carry out any duty of the Office of the Attorney General.

Constitutional Convention

The General Assembly has previously passed several calls for a constitutional convention since the 1930s, although historical records maintained by the State and the Library of Congress are incomplete or unclear. These calls include (1) an unconfirmed House Resolution in 1939 calling for limitations on the federal taxing power; (2) House Joint Resolution 40 (1964) calling for standards concerning the size and boundaries of congressional districts; (3) Senate Joint Resolution 1 (1965) calling for legislative autonomy concerning the apportionment of State legislative bodies; (4) Senate Resolution 47 (1973, unconfirmed), a memorial from the Senate of Maryland calling for the allowance of school prayer in public schools; and (5) Senate Joint Resolution 4 (1975) calling for a balanced federal budget. It is generally believed that these calls never expire. ***Senate Joint 2***/***House Joint 2*** ***(both passed)*** rescind, repeal, cancel, void, nullify, and supersede any and all prior applications by the General Assembly to the U.S. Congress to call a convention to propose amendments to the U.S. Constitution, regardless of whether the calls are confirmed by the historical records maintained by the State or the Library of Congress.

Planned Parenthood Funding

In January of 2017, legislation was introduced in the U.S. Senate to prohibit federal funding for certain organizations that provide family planning services. ***House Bill 1083*** ***(Ch. 28)*** establishes a Family Planning Program in DHMH to ensure the continuity of family planning services in the State. Under the Act, DHMH is required to ensure access to and the continuity of services provided by family planning providers that were Medicaid family planning providers as of December 31, 2016, and were discontinued as recipients of federal funding because of the scope of services offered by the provider, or for which the provider offered referrals.

Affordable Care Act

In January 2017, the Department of Legislative Services released a report noting that, based on the review of available data, Maryland has observed a significant increase in health care coverage under the federal Affordable Care Act (ACA) through the expansion of Medicaid and the establishment of the Maryland Health Benefit Exchange, and a corresponding decrease in the uninsured rate by more than one-third. The report found that repeal or substantial amendment of the ACA could have a tremendous impact on Maryland, including the all-payer model contract that governs hospital rate setting. ***Senate Bill 571*** ***(Ch. 17)*** establishes the Maryland Health Insurance Coverage Protection Commission to (1) monitor potential and actual federal changes to the ACA, Medicaid, MCHP, Medicare, and the Maryland All-Payer Model; (2) assess the impact of such changes; and (3) provide recommendations for State and local action to protect access to affordable health coverage.

Additionally, ***House Joint 9*** ***(passed)*** expresses the General Assembly's disagreement with the potential repeal of the ACA and encourages the Governor of Maryland to urge the U.S. Congress to promptly protect provisions of the ACA that ensure all Marylanders have access to affordable health insurance coverage and are free from discriminatory rates and policies.

The Chesapeake Bay Program

The U.S. Environmental Protection Agency's Chesapeake Bay Program has directed the restoration of the Chesapeake Bay since 1983. The proposed federal fiscal 2018 budget blueprint released in 2017 proposed eliminating funding for the Chesapeake Bay Program and reducing funding for several other federal programs that support bay restoration. ***Senate Joint 8*** ***(passed)*** expresses the General Assembly's opposition to proposed federal budget cuts to the Chesapeake Bay Program and other federal programs that support the restoration of the Chesapeake Bay, and urges the Governor to publicly oppose the proposed budget cuts.

Financial Consumer Protection

In recent years, legislation has been introduced in the U.S. Congress to eliminate or significantly alter the structure of the federal Consumer Financial Protection Bureau (CFPB). The 115th Congress, which convened in January 2017, is expected to consider major changes to both CFPB and the 2010 financial reform law. ***Senate Bill 884*** ***(Ch. 18)*** establishes the Maryland Financial Consumer Protection Commission to assess the impact of potential changes to federal financial industry laws and regulations, budgets, and policies, including changes to specified federal financial regulators as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act, and issue recommendations for federal and State actions that are intended to protect residents of the State when conducting financial transactions and receiving financial services.

Internet Service Providers

In early 2017, the U.S. Congress approved a resolution of disapproval nullifying an FCC rule that was set to take effect later in the year, and would have established a framework of customer consent required for Internet Service Providers (ISPs) to use, sell, and share their customers' personal information. ***Senate Bill 1200*** ***(failed)*** would have prohibited an ISP from selling or transferring (for marketing purposes) a consumer's personally identifying information to a person without the consumer's express and affirmative permission.

Immigration Policy – Trust Act

Following proposed changes in federal immigration policy, the General Assembly considered ***Senate Bill 835***/***House Bill 1362*** ***(both failed)***. Among other things, these bills would have expressed the intent of the General Assembly to restore community trust in Maryland law enforcement by clarifying the parameters of local participation in federal immigration enforcement efforts.

Maryland Public Broadcasting Funding

The proposed federal fiscal 2018 budget blueprint released in 2017 proposed removing all federal funding for the Corporation for Public Broadcasting, which provides nearly $450 million in federal funding to public broadcasters around the country. ***Senate Bill 1034*** ***(passed)*** establishes a minimum State funding level for the Maryland Public Broadcasting Commission by requiring the Governor to increase the total amount appropriated to the commission by the percentage increase in general fund revenues.

Other Responses to Recent Federal Proposals

House Bill 152 ***(Ch. 23)***, the Budget Reconciliation and Financing Act of 2017, contains select provisions in response to recent federal proposals. Section 15 of the Act extends legislative review, for two years, to program changes that would make it harder to qualify for benefits, expand beneficiary cost sharing, or impose limitations on benefits in relation to Medicaid and the Supplemental Nutrition Assistance Program. Additionally, Section 25 of the Act authorizes the Governor to transfer money from the State's Catastrophic Event Fund to the Department of Aging for Meals on Wheels if the federal funding for the programs is reduced or eliminated.

State Designations

In 1971, the concept of the POW/MIA flag was first developed as a symbol for U.S. service members who were prisoners of war (POW) and missing in action (MIA). ***Senate Bill 579*/*House Bill 664*** ***(both passed)*** require the Secretary of General Services and the Secretary of Transportation to fly the POW/MIA flag on the grounds of all State buildings under their control whenever the U.S. flag is flown. The bills do not apply to (1) the State House or (2) a State building that is a historic building or has a flagpole attached to the building and is determined to be structurally unable to withstand additional flags being flown from the flagpole.

On June 20, 1632, Charles I of England granted the original charter for Maryland, a proprietary colony of about 12 million acres, to Cecil Calvert, 2nd Baron Baltimore, who served as the first Proprietor and Proprietary Governor of the Province of Maryland. Chapter 396 of 1959 codified the Great Seal of Maryland, which includes the Calvert family motto of "*Fatti maschii, parole femine*." The motto loosely translates into English as "manly deeds, womanly words." ***Senate Bill 88*** ***(passed)*** changes the statutory translation of the Calvert family motto depicted on the Great Seal of Maryland from "Manly deeds, womanly words" to "Strong deeds, gentle words."

Miscellaneous

Under current law, the Maryland Historical Trust (MHT) Grant Fund supports MHT's Historic Preservation Grant Program (also known as the MHT Grant Program) and its Historical and Cultural Museum Assistance Program. The purposes of the MHT Grant Program are to (1) implement and encourage the preservation of historic properties and (2) promote interest in and study of historic properties and their preservation. ***House Bill 1513*** ***(passed)*** requires the Governor to include in the annual State budget bill an appropriation of $1.5 million to the

Maryland Historical Trust Grant Fund, for fiscal 2018 and each following fiscal year, subject to the limitations of the State budget. The bill also allows for up to 5% of the annual general fund appropriation to the fund to be used for administrative costs. Grants to historic properties owned by MHT may not exceed 10% of all grants awarded from the fund.

Every two years, the Maryland State Archives is required to compile and edit the *Maryland Manual* that contains a copy of the Maryland Constitution and the name and address of each officer of the State or a county who is elected or appointed by the Governor or the Board of Public Works. In practice, the manual was last published in print form in 2006. ***Senate Bill 516*/*House Bill 78* (both passed)** repeal provisions requiring the *Maryland Manual* to be published in print every two years and requires that it be published exclusively online. The bills also require the Maryland State Archives to (1) update the manual as necessary to maintain its accuracy and (2) preserve an electronic version.

Elections

Election Administration

The State Board of Elections (SBE) and local boards of elections are authorized by State law to exercise significant authority over election processes and procedures. This authority includes altering precinct boundaries, determining the location of polling places and early voting centers, and adopting regulations concerning voter registration and the voting process. ***House Bill 353* (passed)** requires SBE or a local board of elections to provide notice on their websites when they make changes in administrative policies affecting voting rights. An "administrative policy affecting voting rights" is defined as any action relating to voter registration, provisional voting, absentee voting, or the location of a polling place or early voting center. Notice must be provided on the applicable board's website at least 48 hours in advance of a meeting at which a change will be considered. Information describing the change must be posted on the applicable board's website within 48 hours after the change is adopted.

Recruiting a sufficient number of election judges to staff polling places is an ongoing challenge for local boards of elections. Under current law, 17-year-olds are permitted to serve as election judges, which allows young people to gain first-hand experience with the democratic process while helping local election administrators meet their staffing needs. ***House Bill 73* (passed)** allows minors who are at least 16 years old and registered voters to also serve as election judges. A minor must have the permission of a parent or guardian if the minor will work as an election judge for more than 12 hours.

Electioneering is permitted outside polling places up to the electioneering boundary, which is generally located 100 feet from the entrance and exit to the building. ***Senate Bill 882*/*House Bill 619* (both passed)** allow the posting of campaign signs outside a polling place beginning at 5 p.m. on the day before Election Day or on the day before early voting begins. Current law allows campaign signs to be posted outside a polling place beginning at 7 p.m. on the day before Election Day or on the day before early voting begins.

Candidacy

Candidates for office who are not affiliated with a political party may have their names listed on the ballot by submitting petitions signed by 1% of the total number of registered voters who are eligible to vote for the office the candidate is seeking. ***House Bill 529*** ***(passed)*** alters this requirement to the lesser of 10,000 registered voters or 1% of the registered voters eligible to vote for the office. This provision implements a legal settlement between the State and an independent candidate who challenged the constitutionality of the current law, which requires independent candidates to collect far more signatures to access the ballot in statewide races than political parties. ***House Bill 529*** also alters the deadline by which independent candidates and candidates of nonprincipal political parties must file a declaration of intent to seek office. Nonprincipal political parties are parties other than the Democratic and Republican parties. The current law requires a declaration of intent to be filed by the deadline for filing a certificate of candidacy for a primary election. Independent and nonprincipal party candidates do not run in primary elections. Accordingly, the bill delays the deadline for filing a declaration of intent to the first Monday in July.

House Bill 143 ***(Ch. 107)*** also makes changes to the laws concerning candidates. The Act provides that a candidate who fails to file a financial disclosure statement in a timely manner is deemed to have withdrawn the candidacy within 8 days after receiving written notice of the failure to file. Under current law, a candidate is deemed to have withdrawn the candidacy 20 days after receiving notice of the failure to file. ***House Bill 143*** also repeals a requirement that the state of residency of candidates for President or Vice President of the United States be listed on the ballot.

The name of a candidate who is defeated for the nomination for a public office generally may not appear on the ballot at the next succeeding general election as a candidate for any office. ***Senate Bill 1121***/***House Bill 1382*** ***(both passed)*** prohibit a candidate for circuit court judge who is defeated in the primaries of both of the principal political parties from appearing on the ballot at the next general election as a candidate for any office. For a further discussion of these bills, see the subpart "Judges and Court Administration" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Voter Registration

Maryland currently allows individuals to register to vote and cast a ballot on the same day, during early voting. Registered voters who have moved are also permitted to update their address and cast a regular ballot during early voting. Individuals registering to vote or updating an address during early voting are required to show proof of residency. Registration and voting at polling places on the same day is allowed in 15 states and the District of Columbia, according to the National Conference of State Legislatures. The General Assembly considered legislation to modify and expand same-day registration.

House Bill 1626 ***(passed)*** repeals a requirement that a registered voter who updates the voter's address during early voting show proof of residency before the voter's ballot may be counted. Currently, voters who update an address at a polling place on Election Day are not required to show proof of residency before the voter's ballot will be counted.

***Senate Bill 423*/*House Bill 345* (both failed)** would have extended the same-day registration process to Election Day. The bills proposed a constitutional amendment to authorize the General Assembly to enact legislation to allow qualified individuals to register and vote at polling places on Election Day. The amendment would have been submitted to the voters of the State for their adoption or rejection at the general election to be held in November 2018. A constitutional amendment is necessary to allow registration on Election Day because the current constitutional language presumes that registration closes prior to each election.

Campaign Finance

Beginning with the Supreme Court's decision in *Citizens United v. FEC* (2010), federal courts have ruled that persons who do not coordinate their activities with candidates may raise and spend unlimited sums on elections. However, what exactly constitutes an independent expenditure is determined by legislation and administrative policy. If coordination exists between a candidate and a person making an expenditure benefitting the candidate, then the expenditure is not an independent expenditure and is instead a contribution subject to the statutory contribution limits. If a coordinated expenditure exceeds the contribution limits, it is illegal, and civil and criminal penalties for excess contributions apply. Maryland law does not currently define coordination, but SBE has issued guidance that lists factors it would consider in determining whether coordination has occurred.

***House Bill 898* (passed)** defines a coordinated expenditure, imposes civil and criminal penalties for coordinated spending in excess of contribution limits, and authorizes SBE to investigate potential violations. A person is prohibited from making a coordinated expenditure in excess of the contribution limits or a donation to a person for the purpose of furthering a coordinated expenditure in excess of the contribution limits. A candidate or political party is also prohibited from being the beneficiary of a coordinated expenditure in excess of the contribution limits. The bill does not apply to spending by political committees that accept only contributions that are subject to existing contribution limits.

A coordinated expenditure is defined as a disbursement, or an action to cause a disbursement, that promotes the success or defeat of a candidate or a political party at an election and is made in cooperation, consultation, understanding, agreement, or concert with, or at the request or suggestion of, the candidate or political party that is the beneficiary of the disbursement. The bill specifically includes in the definition of "coordinated expenditure" a disbursement for any communication that republishes or disseminates campaign material prepared by the candidate or political party that is the beneficiary of the disbursement.

The bill also establishes circumstances under which a person that makes a disbursement to promote the success or defeat of a candidate or political party at an election is presumed to have made a coordinated expenditure. A coordinated expenditure is generally presumed if the spender and the candidate or political party have had prior interactions or a close relationship or share the same staff or professional services vendors. A person may rebut the presumption by presenting sufficient contrary evidence and obtaining a declaratory ruling from SBE before making a disbursement to promote the success or defeat of a candidate or political party at an election.

The bill establishes procedures for SBE to follow when investigating potential violations, including a public hearing and a public report of its findings. SBE may impose a civil penalty for an unintentional violation or refer the matter for further investigation by the State Prosecutor if SBE has reasonable cause to believe a violation was willful and knowing. Unintentional violations are subject to civil penalties up to 100% of the amount by which the coordinated expenditure exceeded the contribution limit. Willful and knowing violations are misdemeanors, subject to a fine of up to 300% of the amount by which the coordinated expenditure exceeded the contribution limit.

While political spending that is independent of candidates may not be limited, the courts have upheld requirements that persons making such expenditures disclose their spending and funding sources. Maryland has extensive disclosure requirements that apply to different types of independent spending. Independent expenditures are mass communications that expressly advocate the election or defeat of a candidate or ballot issue. Electioneering communications are mass communications that refer to a candidate or ballot issue within 60 days of an election. Political action committees that exclusively spend money independently of candidates are allowed to accept unlimited contributions and are known as "Super PACs." "Participating organizations" are defined in Maryland law as entities organized under § 501(c)(4) or (6) or § 527 of the Internal Revenue Code that transfer money to a specified entity for the purpose of causing the entity to make a disbursement in a State election.

House Bill 1498 ***(passed)*** imposes new requirements on persons spending money in State elections independently of candidates. The most significant changes subject participating organizations to disclosure requirements that are substantially similar to those that currently apply to persons making independent expenditures and electioneering communications. A disclosure report must be filed within 48 hours after a participating organization makes aggregate political disbursements of $10,000 or more, unless the organization provides information on its disbursements and contributions on its website. Donors of $10,000 or more to a participating organization during the reporting period must be disclosed in a report, unless the organization and the donor have agreed in writing that a donation will not be used for political purposes. SBE is authorized to impose civil penalties on a participating organization for failure to file a report.

House Bill 1498 also includes provisions intended to aid enforcement of disclosure requirements. The following requirements apply to persons making independent expenditures, persons making disbursements for electioneering communications, and participating organizations:

- A registered agent must be designated in the State for service of process after spending $50,000 or more in a State election.

- A civil penalty for failure to file a disclosure report is the joint and several liability of the entity, the entity's treasurer, and the person exercising direction or control over the activities of the entity.

- If a treasurer or person exercising direction or control over the activities of the entity fails to pay a civil penalty or late fee for failure to file a disclosure report, the individual may not serve in a position of responsibility in a political organization or assist in the formation of a political organization. This requirement also applies to the responsible officers of a Super PAC.

House Bill 1498 also authorizes a political action committee to establish a compliance account. Funds in a compliance account may only be used for purposes of recordkeeping, reporting, and accounting and legal services related to compliance with campaign finance laws. Donations to a compliance account are not subject to contribution limits and may be made only if the donor knows how the donation will be used and consents to that use. SBE is authorized to adopt regulations that define permissible donations to and disbursements from a compliance account and require disclosure of all such donations and disbursements.

State law imposes special disclosure requirements for political contributions made by persons holding government contracts. Under Title 14 of the Election Law Article, a business holding a contract of $200,000 or more with the State or its political subdivisions must file reports every six months with SBE disclosing certain political contributions made by the business and by certain persons affiliated with the business. Contributions made by officers, directors, partners, and subsidiaries of a business holding a government contract are attributed to the business and reported by the business. ***Senate Bill 632*/*House Bill 118*** ***(both passed)*** repeal a requirement that a governmental entity that has awarded a person a contract of $200,000 or more notify SBE if the persons fails to file a statement of contributions. Instead, the bills require a governmental entity to provide SBE with a list of all persons awarded a contract of $200,000 or more on a quarterly basis. Under the bills, SBE assumes responsibility for ensuring that the required reports are filed. In addition, the bills repeal a provision exempting contracts posted on the State's online procurement system, eMaryland Marketplace, from the process of verifying that the required reports have been filed.

Federal law prohibits a foreign national from making a contribution or independent expenditure in connection with a federal, state, or local election. However, in 2015, the Federal Election Commission was unable to reach agreement on the question of whether the prohibition applies to contributions and expenditures in connection with state and local ballot measures. ***Senate Bill 130*** ***(passed)*** clarifies that a foreign principal may not make a contribution to a ballot issue committee or a donation to a person that makes independent expenditures or electioneering communications relating to a ballot issue. "Foreign principal" is defined in federal law to include (1) a foreign government or foreign political party; (2) an individual outside the United States, unless the individual is a citizen of and domiciled within the United States; or (3) a business or other entity organized under the laws of a foreign country or having its principal place of business in a foreign country. A "foreign principal" does not include an individual within the United States who is not a citizen and not legally admitted for permanent residence.

Redistricting

The General Assembly has considered numerous legislative proposals in recent years to reform the way legislative and congressional districts are drawn after each decennial census. Most of these measures have proposed transferring authority over redistricting from the Governor and General Assembly to an independent body. ***Senate Bill 1023*** ***(passed)*** establishes a Temporary Redistricting Commission to prepare and adopt decennial districting plans for congressional districts in the State. The bill is contingent on the enactment of a nonpartisan congressional districting process that is substantially similar to the process and criteria outlined in the bill in each of the following mid-Atlantic region states: New York; New Jersey; North Carolina; Pennsylvania; and Virginia. The Secretary of State must monitor the enactment of districting legislation by these states and, after consultation with the Attorney General, notify the Department of Legislative Services (DLS) within five days if the contingency is met. If the contingency is not met by December 31, 2020, the bill has no effect on the redistricting process resulting from the 2020 Census. The bill terminates if the contingency is not met by December 31, 2032.

The Temporary Redistricting Commission consists of nine members. The President of the Senate, the Speaker of the House of Delegates, and the minority leaders of the Senate and the House of Delegates must each appoint two members. The ninth member, who serves as chair, is chosen by a vote of at least five of the members. The individual appointed chair may not be affiliated with either of the principal political parties in the State. If the commission is unable to select the ninth member, the commission must submit a list of three names for appointment as chair to (1) the chief administrative law judge of the Office of Administrative Hearings; (2) the chair of the State Ethics Commission; and (3) the co-chairs of the Joint Committee on Legislative Ethics. Those entities must select the ninth member. Commission members must meet specified requirements intended to ensure their impartiality, such as not having been a candidate for specified elected offices in the previous five years. DLS is required to provide staff and technical support to the commission.

The commission must hold at least six public hearings throughout the State to receive public testimony concerning a redistricting plan. The commission must publish a proposed final districting plan and map by October 30 of the year after the decennial census, hold a public hearing, and publish the final plan and map by the second Tuesday in November.

The bill establishes standards the commission must follow in drawing congressional districts. Among other criteria, congressional districts must: (1) respect the geographic integrity of any municipal corporation or county, to the extent possible; (2) be geographically contiguous; and (3) to the extent practicable, be drawn to encourage geographical compactness. The commission may not draw a congressional district:

- to favor a political party, an elected official, or any other person or group, or for the purpose of augmenting or diluting the voting strength of a language or racial minority group; or

- using the addresses of elected officials, political affiliations of registered voters, polling data, proposed districting maps prepared by persons not employed by DLS, and any demographic information other than population head counts, except as required by the Constitution or laws of the United States.

The districting plan for congressional districts prepared and adopted by the commission is the districting plan for the State. The plan takes effect within seven days of its adoption without the need for any action by the General Assembly.

***Senate Bill 252*/*House Bill 385* (both failed)** are Administration bills that would have implemented the recommendations of the Governor's Maryland Redistricting Reform Commission, which issued its final report in November 2015. The bills proposed a constitutional amendment to repeal certain State constitutional provisions governing legislative redistricting and enact constitutional provisions requiring that a General Assembly and Congressional Legislative Redistricting and Apportionment Commission be appointed to perform redistricting. The bills also proposed repealing constitutional language authorizing the subdivision of legislative districts for purposes of electing members of the House of Delegates into one single-member district and one multi-member district. Statutory provisions in the bills 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 mandated 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

Ethics Reform

During the 2017 session, the General Assembly passed ***House Bill 879* (Ch. 31)**, which substantially revised the Maryland Public Ethics Law. The Act modifies conduct and disclosure requirements for State elected officials, public officials, employees, and lobbyists.

Conflicts of Interest

The Maryland Public Ethics Law provides that an interest of a legislator conflicts with the public interest if that interest tends to impair the legislator's independent judgment. The conflict disqualifies the legislator from participating in any legislative action or otherwise attempting to influence any legislation that relates to the conflict. The law provides that certain relationships create a presumed conflict of interest. The Act alters the definition of "legislative action" to include testimony or other advocacy before a unit of State or local government. It also expands the definition of "close economic association" to include the association between a legislator and an entity with which the legislator is negotiating employment or arranging for prospective employment, as well as the association between a legislator and the legislator's employer, employee, or business or professional partner. The Act increases the stock ownership threshold which establishes a close economic association from $25,000 or more to $35,000 or more. However, the Act further specifies that a close economic association does not include a legislator's ownership of stock through an exchange-traded fund, in which the legislator does not control individual investments.

As a result, the Act expands the circumstances under which a presumed or apparent conflict of interest exists, which may prohibit a legislator from participating in the legislative action unless the legislator disclaims the conflict of interest by submitting a written oath to the Joint Committee on Legislative Ethics (Ethics Committee) that the circumstance does not prevent the legislator from acting objectively, fairly, and in the public interest. The Maryland Public Ethics Law prohibits a legislator from disclaiming a conflict that is direct and personal to the legislator, a member of the legislator's immediate family, or the legislator's employer.

Representation Limits

The Act alters the time period during which a former member of the General Assembly is prohibited from assisting or representing another party for compensation in a matter that is the subject of legislative action from one full regular session to one calendar year after the member leaves office. The Act establishes the same restriction for the Governor, Lieutenant Governor, Comptroller, Attorney General, and State Treasurer.

The Act further specifies that a former regulated lobbyist who is or becomes subject to regulation as a public official or employee generally may not participate in a case, contract, or other specific matter as a public official or employee for one calendar year after the termination of the registration of the former regulated lobbyist, if the person previously represented or assisted another party for compensation in the matter.

Prestige of Office

The Act prohibits an official or employee from intentionally using the prestige of office or public position to influence the award of a State or local contract to a specific person, except in the performance of a usual and customary constituent service, without additional compensation, or as part of the official duties of the individual. Also, an official may not directly or indirectly initiate a solicitation for a person to retain the compensated services of a particular regulated lobbyist or lobbying firm. Furthermore, a public official or employee may not use public resources or the title of office or position to solicit a political contribution that is regulated under the Election Law Article and prohibits a State official from using public resources to solicit a political contribution.

Reporting Requirements

The Act expands the information that a legislator is required to report to the Ethics Committee and on an annual financial disclosure statement. The Act requires a legislator to report, except in a judicial or quasi-judicial proceeding, the name of any client of the legislator or a business entity in which the legislator has an ownership interest if the legislator is assisting the client with seeking a governmental contract, license, or other competitive award and the legislator expects to receive a direct financial benefit as a result of the award. If the legislator's spouse is a regulated lobbyist, the legislator must also report the name of each entity that has engaged the legislator's spouse for lobbying purposes.

The Act repeals the State Ethics Commission's authorization to grant exemptions from the requirement that individuals who are required to file financial disclosure statements file those statements electronically. On or before January 15 of each year, a governmental unit must provide a list of the entities that did business with the governmental unit during the preceding calendar year to the employees who are required to file a financial disclosure statement. The Act alters the content of the disclosure statement to require the reporting individual to report only debt, excluding retail credit accounts, owed during the applicable time period to entities regulated by the individual's governmental unit rather than any entity that does business with the State. Also, the statement must include specified information on each entity that has engaged the legislator's spouse for the purpose of lobbying, if the legislator's spouse is a regulated lobbyist.

The Act expands public access to disclosure statements by requiring, for statements submitted on or after January 1, 2019, that the State Ethics Commission must make available to the public, through an online registration program, the financial disclosure statements that are filed by State officials, candidates for State office, and a Secretary of a principal department in the Executive Branch. However, neither the State Ethics Commission nor the Ethics Committee may provide public access to the portion of a statement that includes the filer's home address.

Regulated Lobbyists

Regulated lobbyists may serve on certain State boards or commissions, subject to regulations adopted by the State Ethics Commission that must include certain disclosure requirements. The Act clarifies that these disclosure requirements must be substantially similar to certain disclosures that legislators are required to make to the Ethics Committee. Additionally, the regulations must require that, if a lobbyist who serves on a State board or commission is disqualified from participating in a specific matter due to a conflict of interest, the regulated lobbyist must file a statement of recusal describing the circumstances of the conflict with that State board or commission.

Citizens Advisory Board

The Citizens Advisory Board for Legislative Ethics, established by the Act, must regularly offer recommendations to the Ethics Committee and the Presiding Officers regarding changes to the Maryland Public Ethics Law, the policies and procedures of Ethics Committee, and the public advisory opinions of the Ethics Committee.

Bribery

A public employee may not demand or receive a bribe to influence the performance of the employee's official duties. In addition, a person may not bribe or attempt to bribe a public employee to influence the employee's performance of an official duty. A person who is guilty of bribery is subject to imprisonment and fines. The Act increases the potential fines from $100 to $5,000 to $1,000 to $10,000.

Boards of License Commissioners and Liquor Control Boards

House Bill 1386 ***(passed)*** provides that members and employees of local boards of license commissioners and local liquor control boards are public officials subject to the Maryland Public Ethics Law. The Act does not apply in a county in which the county council or board of county commissioners sits as a board of license commissioner or as a liquor control board.

Reprimand

On October 19, 2016, the Ethics Committee issued a complaint alleging ethical improprieties by Delegate Dan K. Morhaim. The Ethics Committee reviewed the matter and submitted the *Report of the Joint Committee on Legislative Ethics In Re: Delegate Dan K. Morhaim* to the Speaker of the House on March 2, 2017. On March 3, 2017, the House adopted ***House Simple 1*** ***(passed)***, a Resolution of Reprimand, adopting the findings and conclusions contained in the report and ordering the reprimand of Delegate Morhaim.

Procurement

Since 2012, the State's procurement system has been analyzed by the Board of Public Works (BPW), the Department of Legislative Services, and the Governor's Commission to Modernize State Procurement. Each of these analyses has independently concluded that the structure and operation of the State's procurement system does not reflect best practices, and made recommendations to enhance both the efficiency and transparency of State purchasing decisions. During the 2017 session, the General Assembly sought to address many of the procurement system's deficiencies identified.

Comprehensive Procurement Reform

A primary purpose of ***House Bill 1021*** ***(passed)*** is to consolidate oversight of State procurement. It establishes the position of Chief Procurement Officer (CPO) within the Department of General Services (DGS) and also reduces the number of control agencies (which can control specified procurements by other agencies) and primary procurement units (which can carry out their own procurement without approval by another agency). The CPO is appointed by the Governor with the advice and consent of the Senate. The bill repeals the authority of the Department of Budget Management (DBM) to control procurement of services and motor vehicle leases, and of the Department of Information Technology (DoIT) to control procurement of information processing and telecommunication equipment and services, transferring that authority to the CPO. This leaves just two *de facto* control agencies: DGS and the Treasurer's Office (for banking and financial services, insurance, and insurance services).

House Bill 1021 also repeals the status of DBM, DoIT, and the Department of Public Safety and Correctional Services (for the procurement of construction, construction-related services, supplies, materials, and equipment for State correctional facilities) as primary procurement units, leaving only seven such units. However, DGS, through the CPO, is given authority to delegate procurement authority to agencies with specific expertise. DGS is also authorized to carry out additional functions to improve the efficiency and transparency of State procurement, including developing performance metrics, implementing strategic sourcing, compiling statistics on State purchasing, and overseeing procurement officer training, among other responsibilities. The former Procurement Advisory Council is reconstituted as the Procurement Improvement Council, chaired by the CPO, with expanded responsibilities that include advising the General Assembly on proposed legislation.

House Bill 1021 includes several reporting requirements designed to further improve the procurement process. By October 1, 2018, the Office of the Attorney General must report on a process for establishing a centralized procurement attorney office to represent all State agencies in matters before the Maryland State Board of Contract Appeals. By the same date, DGS, in consultation with other specified agencies, must develop a work plan to implement the CPO position and other related provisions of the bill. Also by the same date, BPW and DBM must establish new job titles and classifications for current and future procurement staff in the State Personnel Management System to establish clear lines of authority, a single path of advancement, and consistent job titles and compensation across agencies.

Senate Bill 311 /House Bill 426 ***(both passed)*** incorporate some of the recommendations of the Governor's Commission to Modernize State Procurement, including (1) altering the process for the procurement of architectural and engineering contracts valued at more than $200,000; (2) repealing the statutory preference for the use of competitive sealed bids in State procurement; (3) expanding authority for master contracting; and (4) raising the small procurement threshold from $25,000 to $50,000.

Small and Minority-owned Businesses

The State's Minority Business Enterprise (MBE) Program, which is designed to expand the participation of minority-owned businesses in State procurement, is scheduled to terminate on July 1, 2017. However, ***Senate Bill 4*** ***(passed)*** extends the termination date of the MBE program by five years, to July 1, 2022, and requires the Maryland Department of Transportation (MDOT) to complete a new disparity study by September 30, 2021. The bill also requires each MBE serving as a subcontractor on an awarded contract to submit a document to both the prime contractor and the procurement officer, within 10 days of notification of the contract award by the prime contractor, specifying the percentage and type of work assigned to the MBE under the contract.

Senate Bill 309/***House Bill 433*** ***(both passed)*** expand the Small Business Reserve Program (SBR) to apply to all State agencies (instead of just 23 agencies), raises the program's goal from 10% to 15% of the value of agency procurements, and allows an agency to apply only payments made under contracts that were designated as SBR procurements toward its total SBR participation goal.

The bills also clarify the conditions under which a MBE may be removed from a contract and alters the calculation of MBE participation in State procurement for selected MBEs. Specifically, a State agency may apply only 60% of the cost of materials and supplies provided by a regular dealer that is a certified MBE toward achieving an MBE contract goal. For materials or supplies purchased from a certified MBE that is neither a manufacturer nor a regular dealer, only the fees, commissions, or transportation charges related to the purchase can be counted toward achieving the MBE contract goal, if the agency determines that they are reasonable and not excessive. The actual cost of materials and supplies cannot be counted toward the MBE contract goals.

In addition, ***Senate Bill 309*** (but not ***House Bill 433***) requires, to the extent practicable and authorized by the United States Constitution, that approved applicants for a proposed offshore wind project comply with the State's MBE program. It also requires the Governor's Office of Minority Affairs to establish a clear plan for setting reasonable and appropriate goals and procedures for each phase of a qualified offshore wind project. To the extent practicable, the goals and procedures must be based on MBE program requirements.

Senate Bill 1084*/*House Bill 587 ***(both passed)*** repeal a requirement that a veteran-owned small business enterprise be verified by the Center for Veterans Enterprise (CVE) of the U.S. Department of Veterans Affairs. Instead, the bills define a "veteran-owned small business enterprise" to be any business that meets federal standards for the size of small businesses and is at least 51% owned by one or more individuals who are veterans, as defined by the bill, and who control the management and daily operations of the business. Any person that willfully misrepresents a business as a veteran-owned small business enterprise is subject to (1) suspension or debarment or (2) civil penalties under the Maryland False Claims Act.

Procurement Preferences and Exemptions

Under current law, when a State or State-aided or -controlled entity has a maintenance contract with a component for housekeeping or janitorial services, contractors under that contract must, to the extent practicable, purchase janitorial products from Blind Industries and Services of Maryland (BISM). ***Senate Bill 1144*/*House Bill 1446*** ***(both passed)*** specify that this requirement applies only if the janitorial products are made, manufactured, remanufactured, or assembled by BISM, and are available.

House Bill 846 ***(passed)*** requires BISM to provide staff for the Pricing and Selection Committee for BISM and the Employment Works Program. The staff provided by BISM must be a blind or visually impaired associate of BISM and complete work related to the committee's duties regarding BISM under the supervision and direction of the committee.

House Bill 144 ***(Ch. 108)*** exempts from most State procurement law any procurement by DGS for the rehabilitation of a structure that is listed in or eligible to be listed in the National Register of Historic Places, to the extent that the procurement is necessary to preserve the historic fabric of the structure impacted by the rehabilitation, as determined by DGS in consultation with the Maryland Historical Trust. The Act also repeals an existing procurement exemption for DGS for the renovation of a structure that was built during the eighteenth or nineteenth century and that is listed in or eligible to be listed in the National Register of Historic Places.

House Bill 148 ***(Ch. 111)*** exempts from most provisions of State procurement law procurements by the Maryland State Archives for the preservation, conservation, proper care, restoration, and transportation of fine art or decorative art that is in the custody of the Commission on Artistic Property and owned by or loaned to the State.

Senate Bill 255*/*House Bill 202 ***(both passed)*** relate to the procurement of custodial banking services for the State Retirement and Pension System. For a detailed discussion of these bills, see the subpart "Pensions and Retirement" within Part C – State Government of this *90 Day Report*.

Procurement Processes

To benefit from the economies of scale generated by bulk purchasing through intergovernmental cooperative purchasing agreements (ICPAs), State law authorizes primary procurement units to sponsor or participate in ICPAs under specified conditions. ***House Bill 1107*** ***(passed)*** requires a primary procurement unit to (1) make a determination before it initially sponsors, participates in, renews, or modifies an ICPA and (2) post the determination on the unit's website. The determination must be in writing and include specified information regarding the potential benefits of the agreement. The head of a primary procurement unit must approve the unit's sponsorship of or participation in an ICPA, which is subject to any other approval required by law. If the unit sponsors an ICPA, it must comply with all notice requirements in current law.

Current law prohibits an individual who assists an Executive Branch procurement unit in drafting specifications or solicitations from participating in the resulting procurement; the prohibition also applies to any person who employs the individual who provided the assistance. There is no time limit placed on these prohibitions. ***Senate Bill 109*/*House Bill 283*** ***(both passed)*** establish that the prohibitions against participation apply for at least two years – specifically from the date of issuance of the first relevant invitation for bids (IFB) or request for proposals (RFP) until the later of either (1) two years from the date of issuance or (2) the awarding of a contract or reissuance of the IFB or RFP. The prohibitions do not apply to a subsequent IFB or RFP for which the specifications are reused after the initial prohibitions are no longer applicable. The bills also clarify that the existing prohibitions apply to a person that employs the individual during the period of assistance.

Senate Bill 310*/*House Bill 390 ***(both passed)*** require a reviewing authority on a contract claim to approve, disapprove, or modify the decision of a procurement officer within 180 days, or a longer mutually agreed upon period, after receipt of the claim; otherwise, a contract claim is deemed denied to allow an appeal to the Maryland State Board of Contract Appeals. The legislation also requires the Maryland Department of Transportation, in consultation with the Maryland-Delaware-District of Columbia Press Association, to study (1) the use and cost of placing public announcements of solicitations of interest for transportation architectural and engineering (A&E) services in the *Daily Record* and other print publications and (2) whether the Code of Maryland Regulations should be amended. The bills raise the threshold used to determine whether a State contractor must disclose specified information to the Secretary of State. Finally, the legislation repeals an obsolete provision authorizing agencies to prequalify vendors.

Personnel

Impact of Budget Actions on State Employees

The fiscal 2018 budget does not include funding for merit or general salary increases for State employees. In fiscal 2018, the size of the regular State workforce, including State higher education institution employees, will be 80,119 positions, which represents a decrease of 447 positions over fiscal 2017 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

House Bill 1 ***(passed)*** requires an employer, including the State, to have a sick and safe leave policy under which an employee earns at least 1 hour of sick and safe leave, at the same rate as the employee normally earns, for every 30 hours an employee works. An employer is not required to allow an employee to earn or carry over more than 40 hours of earned sick and safe leave in a year, use more than 64 hours of earned leave in a year, accrue more than 64 hours at any time, or use earned sick and safe leave during the first 106 calendar days worked. State government employees are subject to their unit's personnel policies if the policies meet or exceed the basic requirements of ***House Bill 1***. For a more detailed discussion, see the subpart "Labor and Industry" within Part H – Business and Economic Issues of this *90 Day Report*.

Employees in the State Personnel Management System (SPMS), except temporary employees, are generally entitled to six days, not to exceed 48 hours, of personal leave with pay at the beginning of the first full pay period of the calendar year. ***Senate Bill 580*****/*****House Bill 324*** ***(both passed)*** provide an additional day of personal leave during a leap year for employees in the SPMS, except temporary employees, so that these employees are entitled to seven days, not to exceed 56 hours, of personal leave with pay at the beginning of the first full pay period of the calendar year that is a leap year.

The Department of Budget and Management (DBM) has been working to replace the State's legacy personnel system since January 2008. Since the rollout of components of the new personnel system (Workday), there have been problems involving employee payroll. In spring 2016, DBM reported that a problem with overtime calculations had been found. When Workday was implemented in all State agencies in fall 2016, payroll problems were reported, particularly in the State agencies with 24/7 institutions. The implementation of Workday also brought to light concerns that the State's legacy system had been miscalculating overtime costs for years. ***House Bill 1144*** ***(passed)*** requires the Central Payroll Bureau to establish regular pay periods and pay each employee following procedures that apply to private-sector employers under the Wage Payment and Collection Law in the Labor and Employment Article. If an appointing authority does not report required payroll information, the employee or the employee's exclusive representative may initiate a grievance within 20 days after the date on which the failure to pay occurred, in accordance with the State's grievance procedure. If the failure to pay is not known to, or discovered by, the employee within 20 days after the failure to pay occurs, a grievance may be initiated no later than six months after the date on which the failure to pay occurred. An employee who files a grievance is entitled to wages and damages after a grievance is initiated, unless the wage is withheld due to a bona fide dispute. A decision maker at step two or three of the grievance procedure must order the payment of damages in accordance with specified provisions on a finding that wages were withheld in violation of the bill. An employee who is eligible to file a grievance under a retroactive provision for an action that occurred from March 16, 2016, through June 30, 2017, may do so without regard to any time limitation in current law if the grievance is initiated by July 31, 2017. ***House Bill 1144*** terminates on June 30, 2019.

Hiring and Employee Transfer Practices

Generally, when a skilled service or professional service position is to be filled, the appointing authority must complete a position selection plan and make an appointment from among candidates in a rating category on a list of eligible candidates. ***House Bill 1466*** ***(passed)*** authorizes an appointing authority in SPMS to select a disabled veteran for a skilled or professional service position on a noncompetitive basis under specified circumstances. If an appointing authority elects to select a disabled veteran for a vacant position, the appointing authority is also required to interview any disabled veteran who has expressed an interest in applying for the same position and meets the basic requirements for the position. If the appointing authority elects to select a disabled veteran for a vacant position, the appointing authority is not required to interview any other qualified applicants, except those disabled veterans who expressed interest in the position. ***House Bill 1466*** does not require an appointing authority to select a disabled veteran for a vacant position or prohibit an appointing authority from filling a vacant position in accordance with SPMS provisions. Appointing authorities in the Executive Branch that are not in SPMS must develop a comparable selection process for disabled veterans to fill comparable positions to those in the skilled or professional service in SPMS.

Senate Bill 347**/*****House Bill 457*** ***(Chs. 135 and 134)*** transfer all the functions, powers, and duties of the child support unit of the Charles County State's Attorney's Office to the Department of Human Resources effective July 1, 2017. The transfer includes all employees of the unit on June 30, 2017, other than the assistant State's Attorneys. If appointed by the Office of the Attorney General to continue providing child support enforcement services, the assistant State's Attorney positions also transfer.

State Employee Collective Bargaining

The Maryland Environmental Service (MES) is an independent State agency that provides technical services to clients for engineering, design, financing, construction, project management, and operation of water supply and wastewater treatment facilities. The technical services support water supply, wastewater treatment, and solid waste management to State agencies, counties, municipal corporations, and private entities. Among other things, MES has the authority to exercise eminent domain and establish and collect rates, fees, and charges for certain projects, products, and services. ***Senate Bill 291*** ***(Ch. 15)*** gives MES employees collective bargaining rights similar to those of most State employees by requiring MES to recognize and deal with an employee organization that is elected, in accordance with provisions that apply to State employees, as an exclusive representative of MES employees.

Pensions and Retirement

Pension and Retiree Health Funding

Chapter 1 of the first special session of 2012 requires local school boards to pay the full employer's share of the pension normal cost for their employees who are members of the Teachers' Retirement System/Teachers' Pension System, beginning in fiscal 2017. In fiscal 2017, local school boards' contribution to the State Retirement and Pension System (SRPS) totals $279.8 million. ***House Bill 1109*** ***(Ch. 5)*** relieves local school boards of their obligation to pay $19.7 million of their share of the normal cost for fiscal 2017, allocated proportionally to each local school system based on their respective share of the total normal cost payment. **Exhibit C-1** shows the amount that each local school system is relieved of paying in fiscal 2017.

Exhibit C-1
Local School Board's Share of Pension Payment Relief

County	Local Share
Allegany	$194,539
Anne Arundel	1,672,176
Baltimore City	1,757,221
Baltimore	2,224,722
Calvert	374,964
Caroline	115,786
Carroll	525,216
Cecil	342,522
Charles	561,204
Dorchester	97,616
Frederick	852,772
Garrett	82,865
Harford	716,052
Howard	1,499,240
Kent	46,294
Montgomery	4,130,705
Prince George's	2,900,265
Queen Anne's	160,316
St. Mary's	336,599
Somerset	70,108
Talbot	90,082
Washington	445,987
Wicomico	319,849
Worcester	178,081
Total	**$ 19,695,182**

Source: State Retirement Agency; Department of Legislative Services

Chapter 397 of 2011 required that the State Retirement Agency's (SRA) budget be paid through a per member administrative fee charged against all participating employers, including the State, local school boards, and participating local governments. To ensure that the pension system is fully funded in light of local school districts not paying the full normal cost, the 2017 budget bill restricts a fiscal 2017 deficiency appropriation of $19.7 million originally intended for grants to relieve local school boards and county and municipal governments of their obligation to pay administrative fees to SRA, instead designating those funds for transfer to SRPS to cover the normal cost amounts not paid by local school systems. Under ***House Bill 1109***, if the Governor elects not to transfer the restricted funds to SRPS for the restricted purpose, he must provide the same amount in either fiscal 2018 or 2019 for that purpose.

House Bill 28 ***(passed)*** requires that, beginning in fiscal 2021, an amount equal to one-quarter of the unappropriated general fund surplus in excess of $10 million from the second prior fiscal year be paid to both the SRPS trust fund and the Postretirement Health Benefits Trust Fund. The amounts contributed to each of the two funds may not exceed $25 million in a given fiscal year.

Membership Transfers

Several bills passed during the 2017 session transfer specified classes of members from one SRPS plan to another. ***Senate Bill 650/House Bill 1081*** ***(both passed)*** make current and future individuals serving as parole and probation agents, supervisors, or regional administrators members of the Correctional Officers' Retirement System (CORS) as a condition of their employment. Previously, those individuals were members of the Employees' Retirement System or Employees' Pension System (ERS/EPS). Similarly, ***Senate Bill 664*** ***(passed)*** makes individuals employed by the Department of Public Safety and Correctional Services (DPSCS) in specified positions as counselors, psychologists, social workers, and recreational officers members of CORS as a condition of their employment. Previously, those individuals were also members of ERS/EPS. For both bills, members must first vest in CORS before retiring with a CORS benefit, and members may elect to transfer creditable service from ERS/EPS to CORS. As a result of the bills, State pension contributions may increase by approximately $2.5 million for fiscal 2019.

Chapter 268 of 2015 gave specified employees of the Warrant Apprehension Unit (WAU) within DPSCS six months to elect to transfer from ERS/EPS to the Law Enforcement Officers' Pension System (LEOPS). ***Senate Bill 754***/***House Bill 1110*** ***(both passed)*** transfer to LEOPS specified WAU employees who did not elect to transfer during the six-month window provided by Chapter 268.

Benefit Changes

Senate Bill 913/House Bill 1122 ***(both passed)*** make comprehensive changes to the survivor benefits paid to children of specified SRPS members, former members, and retirees. Specifically, the bills extend benefit payments to surviving nondisabled children until each child turns 26 years old (up from 18), except for surviving children of a State Police Retirement System retiree. Disabled children receive payments as long as they remain disabled. The bills also specify that, if all individuals who are eligible for a special death benefit elect to waive payment of that benefit, a general death benefit is paid to them instead. The bills make dependent parents of deceased CORS members eligible for the State health plan under specified conditions, consistent with the terms of other SRPS plans. The bills apply prospectively, and survivor benefits affected by the bills are paid infrequently, so the bills have only a negligible effect on State pension costs.

House Bill 62 ***(passed)*** modifies the calculation that the Board of Trustees of SRPS (SRPS board) uses to determine whether it has to reduce the pension of a retiree on ordinary disability who either (1) retired as a law enforcement officer from any of four specified systems and became reemployed in a law enforcement position or (2) had an average final compensation (AFC) of $25,000 or more and returned to work with a participating employer. Under the bill, a reduction is required when the annual compensation exceeds the difference between the retiree's AFC and initial retirement allowance by at least $5,000, adjusted for inflation. Under current law, the $5,000 cap is not adjusted for inflation.

Pension System Administration

Custody of Investments

The State Treasurer, as the custodian of SRPS assets, is authorized to make arrangements for the safe custody of investments and banking services. The procurement of those services is subject to State procurement laws and regulations. In the intervening years since the last procurement, SRPS' investment programs have grown substantially larger and more complex. As the SRPS board is more familiar with its custodial banking needs in light of the changing nature of the program, ***Senate Bill 255*/*House Bill 202* (both passed)** authorize the SRPS board, rather than the State Treasurer, to make arrangements for the safe custody of investments with one or more duly qualified custodian banks or trust companies. The bills also exempt the procurement of custodial banking services for SRPS from State procurement law. The bills apply prospectively to any contract or amendments to any contract resulting from a request for proposals for global custody services issued on or after July 1, 2017.

Membership

Recent rulings by the Internal Revenue Service (IRS) have raised issues with respect to numerous provisions in State law that allow for optional elections and that allow those elections to occur at times other than at the commencement of employment. ***Senate Bill 401*/*House Bill 815* (both passed)** make changes to several provisions in State law in order to comply with the IRS rulings and ensure the system's tax-exempt status. Specifically, the bills (1) make membership in a SRPS plan mandatory for specified employees of Prince George's County for whom membership is currently optional; (2) require that an election to join an SRPS plan when membership is an option be made upon commencement of employment instead of within one year of employment; (3) under limited circumstances, bar some employees from joining the Optional Retirement Program (ORP); and (4) specify the conditions under which an eligible governmental unit may join an SRPS plan. The bills also require the Secretary of State Police to join the State Police Retirement System.

***House Bill 1178* (passed)** requires SRA and the Department of Legislative Services (DLS) to conduct a study regarding membership in EPS for individuals who are employed in a position for which less than 500 hours are budgeted per fiscal year. The study must include (1) individuals who are required to join EPS as a condition of employment; (2) individuals who have optional membership in EPS; and (3) the effect of Chapter 182 of 2015 on EPS enrollment. SRA and DLS must make recommendations regarding statutory changes, if any, to the Joint Committee on Pensions by December 1, 2017.

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.

With regard to ORP, SRPS is charged with the selection of plan vendors and the approval of the form and content of annuity contracts offered by vendors. ***Senate Bill 752*/*House Bill 328* (both passed)** repeal a provision of law that had established that any company designated by a governing board of an employing institution of ORP to offer annuity contracts on or before March 1, 1993, would maintain that status indefinitely. The bills keep the total number of companies that the SRPS board may designate to offer annuities through ORP at five, except that the board may now select all five instead of four (with one company permanently designated).

The SRPS board employs a consultant to advise it on matters related to the selection of vendors and annuity contracts under ORP. In its most recent review of plan options, the consultant recommended moving from a current individual annuity contract structure to a group annuity product known as the Retirement Choice contract. ***Senate Bill 353*/*House Bill 304* (both passed)** clarify that, in accordance with a specified provision of the federal Internal Revenue Code, the rights of participating employees in ORP to benefits under annuity contracts purchased under the program are fully vested and not subject to forfeit. In the event that a designated company is eliminated from ORP or the type of annuity contract is withdrawn, the bills further authorize the SRPS board, to the extent allowed under an existing annuity contract, to direct the transfer of existing balances of participating employees to a new annuity contract. The SRPS board must give participating employees the option to select an annuity contract with a designated company for existing balances subject to transfer. If a participating employee does not make a selection within a specified period, the employee is deemed to have elected an annuity contract and a designated company specified by the board for the transfer of existing resources.

General Assembly

Floor Sessions

Members of the public may listen to floor sessions of the General Assembly through the General Assembly's website. ***Senate Bill 1034* (passed)** requires the Maryland Public Broadcasting Commission, if funds are available in fiscal 2018, to video stream the annual State of the State Address, floor sessions during the last two weeks of the legislative session, and the State of the Judiciary Address.

Department of Legislative Services

The Office of Legislative Audits (OLA) in the Department of Legislative Services (DLS) conducts fiscal/compliance audits of units of State government and may, under certain circumstances, conduct other performance or financial statement audits. ***House Bill 792*** ***(passed)*** requires OLA, at any time on request of the Presiding Officers of the General Assembly, to conduct a performance audit of a local alcoholic beverages licensing board.

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 memberships. Some of these bills are discussed in greater detail in the appropriate subject area parts of this *90 Day Report*.

Senate Bill 571 ***(Ch. 17)*** establishes the Maryland Health Insurance Coverage Protection Commission to (1) monitor potential and actual federal changes to the federal Patient Protection and Affordable Care Act, Medicaid, the Maryland Children's Health Program, Medicare, and the Maryland All-Payer Model; (2) assess the impact of any changes; and (3) provide recommendations for State and local action to protect access to affordable health coverage. The commission includes three members of the Senate and three members of the House of Delegates.

Senate Bill 884 ***(Ch. 18)*** creates the Maryland Financial Consumer Protection Commission, which includes two members of the Senate and two members of the House of Delegates. The commission is charged with (1) assessing the impact of potential changes to federal financial industry laws and regulations, budgets, and policies and (2) issuing recommendations for federal and State actions that are intended to protect residents of the State when conducting financial transactions and receiving financial services.

House Bill 516 ***(Ch. 25)*** establishes the Workgroup to Study the Implementation of Universal Access to Prekindergarten for 4-Year-Olds. One member of the Senate and one member of the House of Delegates serve on the workgroup.

Senate Bill 307 ***(Ch. 30)*** creates the Workgroup on the Maryland Open Transportation Investment Decision Act, which must evaluate the experimental project-based scoring model created by the Maryland Department of Transportation as required by the Act. The workgroup includes three members of the Senate and three members of the House of Delegates.

Senate Bill 142/House Bill 192 ***(both passed)*** establish the Task Force to Study Bicycle Safety on Maryland Highways. The task force, which includes two members of the Senate and two members of the House of Delegates, must study safety issues related to bicycle operators and vehicles on highways in the State.

Senate Bill 717 ***(passed)*** establishes the Task Force on Rural Internet, Broadband, Wireless, and Cellular Service. The 22-member task force, which includes four members of the Senate and four members of the House of Delegates, must study and make recommendations regarding how Western Maryland counties; Southern Maryland counties; Eastern Shore counties; and Frederick, Carroll, and Harford counties can work together to obtain federal assistance to improve Internet, broadband, wireless, and cellular services and accessibility in the affected counties.

Senate Bill 348 ***(passed)*** establishes the Task Force to Study Erroneous Conviction and Imprisonment, which includes among its members two members of the Senate and two members of the House of Delegates. The task force must (1) study the State's current process for establishing whether a conviction was made in error and for determining the innocence of a person erroneously convicted; (2) study these processes and standards in other states; and (3) make recommendations on whether the State should create and implement a new process to designate an erroneous conviction and determine the innocence of a person erroneously convicted.

Senate Bill 823/House Bill 659 ***(both passed)*** establish the Task Force to Study Tax Sales in the Maryland with two members of the Senate and two members of the House of Delegates included in its membership. The task force is charged with examining and making recommendations for reform of the tax sale process in Maryland.

Senate Bill 786 ***(passed)*** requires the Maryland State Department of Education to convene a task force to examine policies and practices related to behavioral interventions in schools, including the use of restraint, seclusion, and trauma-informed interventions. Included in the membership of the task force are 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 DLS to periodically undertake the evaluations according to a statutorily based schedule. These evaluations are more commonly known as "sunset reviews" 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 entities that are subject to program evaluations and addressing through legislation appropriate issues relating to the structure, performance, and practices of the agencies.

This session, legislation extended the evaluation and termination dates of the following regulatory agencies. Some of these bills also contain substantive changes in an agency's powers and duties, which are discussed in the appropriate subject area parts of this *90 Day Report*.

- ***Senate Bill 183/House Bill 115*** ***(Chs. 56 and 100)*** repeal the requirement that DLS evaluate the mold remediation licensure program. The termination date of the program is not extended and remains July 1, 2019.

- ***Senate Bill 189/House Bill 116*** ***(Chs. 65 and 66)*** repeal the requirement that the Maryland Insurance Administration (MIA) be evaluated under the Maryland Program Evaluation

Act. The Acts also require MIA to report to the Senate Finance Committee, the House Economic Matters Committee, and DLS on (1) the status and effectiveness of its online premium tax collection system 18 months after the system becomes operational and (2) the timeliness of property and casualty form filing review during fiscal 2017 by October 1, 2017.

- ***Senate Bill 190/House Bill 117*** ***(Chs. 57 and 58)*** extend the termination date for the Elevator Safety Review Board to July 1, 2029, and requires DLS to conduct a preliminary evaluation of the board by December 15, 2026. The board must also submit a follow-up report related to licensing activity and operating revenues to the Senate Finance Committee, the House Economic Matters Committee, and DLS by October 1, 2018.

- ***Senate Bill 548/House Bill 824*** ***(both passed)*** extend the termination date of the State Board of Morticians and Funeral Directors to July 1, 2028. In addition, the bills require DLS to conduct a full sunset evaluation of the board by December 1, 2026. In addition, the board must submit specified reports to the Senate Education, Health, and Environmental Affairs Committee; the House Health and Government Operations Committee; and DLS by January 1, 2018, January 1, 2019, and October 1, 2019.

- ***Senate Bill 549/House Bill 1265*** ***(both passed)*** extend the termination date of the State Board of Physicians and its related allied health advisory committees to July 1, 2023, and requires DLS to conduct a full sunset evaluation of the board by December 1, 2021. The bills limit the scope of the next sunset evaluation to (1) the implementation of DLS' recommendations from the December 2016 sunset evaluation; (2) the efficacy of the two-panel disciplinary system; and (3) the impact of criminal history records checks on the board and its licensees.

Annotated Code

Because the General Assembly delegates very little editorial control to the publishers of the Annotated Code with respect to making nonsubstantive and technical changes to the Annotated 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 494*** ***(Ch. 62)***, and the Annual Curative Bill, ***Senate Bill 493*** ***(Ch. 61)***. Neither enactment contains any substantive change.

Part D
Local Government

Local Government Generally

Kennel Licenses

Chapter 297 of 2011 established a requirement that a person must obtain a kennel license if the person (1) owns or has custody of 15 or more unspayed female dogs over the age of six months kept for the purposes of breeding the dogs and selling their offspring and (2) sells dogs from six or more litters in a year. However, the law expressly established that local governments are not prohibited from enacting more stringent kennel licensing ordinances.

Senate Bill 573/***House Bill 334*** ***(both passed)*** alter the circumstances under which a person must obtain a kennel license from a local licensing agency. Specifically, the bills require a person to obtain a kennel license from the local licensing agency if the person either (1) owns or has custody of six or more unspayed female dogs over the age of six months kept for the purposes of breeding the dogs and selling their offspring or (2) sells dogs from six or more litters in a year.

Residency Requirements for At-will Supervisory Employees

House Bill 167 ***(passed)*** authorizes a county or municipality to require an at-will supervisory employee to reside in the State, county, or municipality or within a specified distance of the State, county, or municipality as a condition of employment if the at-will supervisory employee reports directly to the head of a unit of the county or municipality. The bill applies prospectively to any local law, ordinance, or policy enacted or adopted and may not be applied or interpreted to have any effect on or application to the continued employment of any individual employed by a county or municipality before the effective date of the local law, ordinance, or policy enacted or adopted by the county or municipality.

Land Use

Land Bank Authorities

Generally, local land bank authorities are public or community-owned entities that are created for the purpose of acquiring, managing, maintaining, and repurposing vacant, abandoned, and foreclosed properties.

Chapter 739 of 2010 granted municipalities the authority to establish land bank authorities. ***Senate Bill 957*/*House Bill 1168* (both passed)** expand the authority to enact a local law to establish a land bank authority to apply it to one or more local governments, defined under the bills as a municipality or county. A local government may create a land bank authority or enter into an intergovernmental cooperation agreement with one or more local governments to create a single land bank to act on behalf of the local governments, which may include one or more water and sewer authorities. The bills provide for the continued operation of an authority that is created by an intergovernmental cooperation agreement if one of the parties decides to withdraw from the agreement.

Senate Bill 957*/*House Bill 1168 set forth the various powers of a land bank authority, including the borrowing of money, issuing of bonds, investing of money, insuring real property assets against losses, improving real property, and raising revenue. The bills authorize a land bank authority to quiet title or foreclose on property in which it holds an interest and provide for the collection of specified delinquent water and sewer bills through liens by a land bank authority. The bills also set forth the mechanism for the disposition of property acquired by a local land bank authority, and exempts property held by an authority from certain taxes under specified circumstances.

Certificates of Public Convenience and Necessity – Consistency with Comprehensive Plan

***House Bill 1350* (passed)** prohibits the Public Service Commission from taking final action on an application for a certificate of public convenience and necessity for a generating station until after taking due consideration of (1) the consistency of the application with the comprehensive plan and zoning of each county or municipality where any portion of the generating station is proposed to be located and (2) the efforts to resolve any issues presented by a county or municipality where any portion of the generating station is proposed to be located.

For a further discussion of ***House Bill 1350***, see the subpart "Public Service Companies" within Part H – Business and Economic Issues of this *90 Day Report*.

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 Montgomery and Prince George's counties. It has more than 460,000 customer accounts, serves an area of around 1,000 square miles, and currently employs more than 1,500 people. The commission 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. The commission maintains nearly 5,600 miles of water main lines and nearly 5,500 miles of sewer main lines.

Minority Business Enterprise Program

Chapter 621 of 2007 reauthorized WSSC's minority business enterprise utilization program until July 1, 2012, and codified the existence of the Office of Small, Local, and Minority Business Enterprise (OSLMBE). Chapter 404 of 2012 reauthorized WSSC's minority business enterprise utilization program until July 1, 2017. ***House Bill 319*** ***(passed)*** extends the authorization of the minority business enterprise utilization program another five years until July 1, 2022, and renames OSLMBE to the Office of Supplier Diversity and Inclusion.

System Development Charge Exemptions

WSSC imposes a system development charge for a first-time connection to the WSSC system or a new connection or increased water meter size because of a change in property use or an increase in demand for service. A full or partial exemption must be granted for public sponsored or affordable housing, and a full or partial exemption may be granted for certain other uses. ***House Bill 335*** ***(passed)*** authorizes the Montgomery County Council and the Prince George's County Council to grant an exemption from the system development charge for (1) property owned by a tax-exempt community-based organization with a primary mission and purpose of providing recreational and educational programs and services to youth (to a limit of $80,000, which is similar to an exemption added by Chapter 124 of 2013 which expired in 2016); (2) property used primarily for child care or after-school care; and (3) property used primarily for programs and services for developmentally disabled individuals.

Prohibited Discrimination

WSSC is prohibited from discriminating against a person on the basis of sex, race, creed, color, age, mental or physical disability, sexual orientation, or national origin. Additionally, WSSC currently may not award a contract unless the contract prohibits the contractor from discriminating in any manner against an employee or an applicant for employment on the same bases. ***House Bill 355*** ***(passed)*** prohibits WSSC from discriminating against a person on three additional bases: religion; marital status; or gender identity. In addition, the bill prohibits WSSC from awarding a contract unless the contract prohibits the contractor from discriminating in any manner against an employee or applicant for employment on the same three additional bases.

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.

Audit Committee and Office of Inspector General

House Bill 321 ***(passed)*** establishes an Audit Committee and an Office of the Inspector General within M-NCPPC. The Audit Committee is required to select and appoint an independent certified public accountant to audit M-NCPPC and the Inspector General. M-NCPPC is required to adopt regulations to ensure the independence of the Audit Committee from the management of M-NCPPC. The Office of the Inspector General is run by an Inspector General who is appointed by the Audit Committee to a four-year term. The functions, powers, and duties of M-NCPPC's current Office of Internal Audit are transferred to the Office of the Inspector General as well.

Part E
Crimes, Corrections, and Public Safety

Criminal Law

Drug Crimes

Heroin and Opioids

In March 2017, the Governor declared a state of emergency in response to the heroin and opioid addiction crisis. As part of a package of bills aimed to address the crisis, the Administration requested the introduction of ***Senate Bill 539*** ***(passed)***, an emergency bill that creates an enhanced penalty for a person who knowingly distributes fentanyl (or an analogue of fentanyl) or a mixture that contains heroin and fentanyl (or an analogue of fentanyl). A violation is a felony offense with a maximum penalty of imprisonment of up to 10 years, which must be served consecutively to any other sentence.

For a more detailed discussion on bills introduced to address heroin and opioid addiction issues, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

Marijuana

The use or possession of less than 10 grams of marijuana is a civil offense punishable by a fine that increases in amount for subsequent offenses. Chapter 515 of 2016 (also known as the Justice Reinvestment Act), effective October 1, 2017, reduced the maximum penalty for possession of more than 10 grams of marijuana to imprisonment for up to six months and/or a fine of up to $1,000. ***Senate Bill 928***/***House Bill 1185*** ***(both failed)*** sought to repeal both the civil and criminal penalties for the use and possession of marijuana and legalize the use, possession, sale, transportation, and cultivation of cannabis. ***Senate Bill 891***/***House Bill 1236*** ***(both failed)*** proposed a constitutional amendment that, if approved by the voters at the next general election, would have established the right under State law of an individual at least age 21 to use cannabis, to possess up to two ounces of cannabis at one time, and to cultivate up to six cannabis plants at any one time.

In August 2016, the Natalie LaPrade Medical Cannabis Commission began issuing pre-approval for licenses for medical cannabis growers and processors. The commission and selection process drew criticism, resulting in the introduction of a number of bills seeking to alter various aspects of the industry. ***Senate Bill 68*** ***(failed)*** would have altered a specific affirmative defense to a charge of use or possession of marijuana and also would have established a procedure for veteran patients to receive medical cannabis. For a more detailed discussion on medical cannabis, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

Impaired Driving

The ongoing debate regarding the legalization and decriminalization of marijuana has included discussions regarding alterations to the impaired driving laws. ***Senate Bill 229*****/** ***House Bill 635*** ***(both passed)*** address driving while impaired by a controlled dangerous substance (CDS) by increasing the maximum incarceration penalty for homicide by motor vehicle or vessel while impaired by a CDS from 3 years to 5 years. Additionally, the bills increase the maximum incarceration penalty from 5 years to 10 years for subsequent offenders.

Violent Crimes

Senate Bill 217**/*****House Bill 429*** ***(both passed)*** establish that evidence of physical resistance by a victim is not required to prove that a sexual crime was committed. However, the fact that such evidence is not required may not be construed to affect the admissibility of evidence of actual physical resistance by the victim.

A person convicted of certain sexual crimes is subject to additional penalties if the person has been previously convicted of first-degree rape, second-degree rape, first-degree sexual offense, or second-degree sexual offense. ***House Bill 738*** ***(passed)*** establishes that a prior conviction from another state or in a federal military or Native American tribal court may serve as a predicate crime for the additional penalty for repeat sexual offenders.

Senate Bill 944**/*****House Bill 647*** ***(both passed)*** reclassify criminal conduct currently classified as first-degree sexual offense and second-degree sexual offense as first-degree rape and second-degree rape, respectively. The bills make no substantive changes to the offenses.

House Bill 906 ***(passed)*** adds felony home invasion to the definition of "crime of violence" under the Criminal Law Article. This classification may subject an offender to enhanced penalties and affect potential collateral consequences for a conviction.

Other Crimes

Senate Bill 790**/*****House Bill 455*** ***(both passed)*** clarify conduct for which a person may be found guilty of animal abuse or neglect or aggravated cruelty to animals. Specifically, a person is guilty of animal abuse or neglect if the person has charge or custody of an animal and unnecessarily fails to provide the animal with *any* one of the following: proper air, proper space, proper shelter, or proper protection from the weather. Similarly, a person is guilty of aggravated cruelty to animals if the person does *any* one of the following intentional acts: mutilates, tortures, cruelly beats, or cruelly kills an animal.

Senate Bill 946*/*House Bill 159* (both failed)** sought to prohibit, with certain exceptions, the carrying or possessing of firearms on the property of a public institution of higher education. ***Senate Bill 946 passed the Senate with a civil penalty and ***House Bill 159*** passed the House with a criminal penalty. A conference committee was appointed, but no agreement was reached.

Criminal Procedure

Pretrial Release and Bail Reform

Bail systems have come under increased scrutiny nationwide due to the disproportionate financial burden placed on lower income individuals and the risk that they will be held before trial solely because of their financial status. Advocates for bail reform contend that alternative pretrial release strategies perform as well as or better than bail for court appearance rates and public safety without imposing a disparate impact on low-income defendants.

In an advisory letter dated October 11, 2016, the Office of the Attorney General (OAG) stated its belief that, if presented with an appropriate case, the Court of Appeals would determine that the State's laws and rules require judicial officers to inquire into an arrestee's ability to meet a financial condition of release. The advisory letter concluded that if a judge or commissioner determines that pretrial detention without bail is not necessary, then they "may not impose a financial condition set solely to detain the defendant," and release conditions must be the "least onerous" possible to meet the State's interests in public safety and ensure the appearance of the defendant. The office also determined that if bail is set at a financially unreachable level for a defendant for whom pretrial detention is not justified, the Court of Appeals would likely determine that the bail is excessive under the Eighth Amendment of the U.S. Constitution and Article 25 of the Maryland Declaration of Rights. State law does not require that bail be set within an arrestee's ability to pay.

The Chief Judge of the District Court of Maryland, John P. Morrissey, issued a guidance letter to all District and circuit court judges and District Court commissioners on October 25, 2016, advising them on several aspects of the bail-setting process under current law. In particular, Chief Judge Morrissey cautioned that judicial officers are to apply the "least onerous" conditions that will ensure public safety and the appearance of the defendant, and that cash bail is not an appropriate means of ensuring public safety. He also advised that judicial officers should avoid "defendants being detained who do not need to be detained."

Also on October 25, 2016, Maryland Attorney General Brian E. Frosh requested that the Maryland Judiciary's Standing Committee on Rules of Practice and Procedure consider changes to the Maryland Rules to ensure that arrestees do not remain incarcerated solely because they cannot afford bail. The 24-member panel considers proposed amendments to the Maryland Rules of Procedure and submits recommendations for amendments to the Court of Appeals. On

February 7, 2017, the Maryland Court of Appeals approved changes to the Maryland Rules regarding pretrial release of criminal defendants. The new rules take effect on July 1, 2017.

The new rules are designed to promote the release of defendants on their own recognizance or unsecured bond, when necessary. Under the rules, a judicial officer should impose additional conditions on release only if needed to ensure the defendant's appearance in court; to protect the community, victims, witnesses, or other persons; and to maintain the integrity of the judicial process, as demonstrated by the circumstance of the individual case. Preference should be given to additional conditions without financial terms.

While the amended rules still authorize the imposition of financial conditions of release, the rules (1) establish that unless a judicial officer finds that no permissible nonfinancial condition of release will reasonably ensure the defendant's appearance in court or public safety, the judicial officer must release the defendant on personal recognizance or unsecured bond, with or without conditions; (2) require a judicial officer to impose the least onerous conditions of release to ensure the defendant's appearance as required and ensure public safety; and (3) require a judicial officer to consider the specific facts and circumstances applicable to the defendant, including the defendant's ability to meet financial conditions of release.

In response to these developments, several bills to alter pretrial release procedures in the State were introduced during the legislative session. However, none of these bills passed.

Senate Bill 983 ***(failed)***, as passed by the Senate, would have required that if a judicial officer determines that a defendant may be released before trial subject to conditions, the judicial officer must impose the least restrictive pretrial conditions that are reasonable to ensure the appearance of the defendant as required and the safety of each alleged victim, other person, or the community. In making this determination, the judicial officer would have been prohibited from giving preference to a particular pretrial condition and would have been required to consider all available information, including the defendant's ability to pay a financial condition of release, the cost of imposing nonfinancial conditions of release, and the restrictions on the individual liberty of the defendant caused by imposing conditions.

Senate Bill 880/House Bill 1390 ***(both failed)*** would have (1) codified several provisions of the recently amended Maryland Rules; (2) required counties to establish pretrial services agencies or collaborate with existing public or private providers to provide pretrial services by December 31, 2021; and (3) required the Governor's Office of Crime Control and Prevention (GOCCP) to collaborate with all counties to develop or update a risk assessment tool that may be used by District Court commissioners in making pretrial release determinations.

Senate Bill 879/House Bill 1157 ***(both failed)*** would have (1) required the Pretrial Release Services Program of the Department of Public Safety and Correctional Services (DPSCS) to establish a pretrial resource center to, among other things, provide specified assistance to county pretrial services programs; (2) established a Pretrial Release Pilot Program in the Division of Parole and Probation (DPP); and (3) required the Justice Reinvestment Oversight Board to make legislative and budgetary recommendations for reducing the pretrial detention population.

The pilot program would have applied to Baltimore City and one rural and one suburban county in the State to be designated by the Secretary of Public Safety and Correctional Services. DPP would have been required to select a pretrial safety assessment to be used by pretrial services during the pilot program and provide training for pretrial services program staff on the use of the pretrial safety assessment. By December 31, 2021, DPP would have been required to submit a final report to the Governor and the General Assembly, including a summary of the implementation, results, and relevant data from the pilot program and recommendations on the implementation of a statewide pretrial services program.

House Bill 1218 ***(failed)*** would have prohibited the use of financial conditions for pretrial release statewide as of December 31, 2018, by (1) prohibiting a county in the State that operates a pretrial supervision program from including a financial condition as a condition of pretrial release and (2) requiring each county in the State to establish a program that provides pretrial supervision services by December 31, 2018.

House Bill 1280 ***(failed)*** would have established procedures that are similar to the procedures currently used in pretrial release determinations and preserved the use of bail in a manner consistent with current bail procedures. However, the bill would have also established a presumption that a defendant who is charged with only one or more misdemeanors and who has not failed to appear as required by a court in the past three years must be released on personal recognizance. The bill further stated that (1) a judicial officer is not prohibited from setting bail in an amount higher than the defendant has the financial ability to post, if the judicial officer sets the bail amount in accordance with the criteria set forth in the bill; and (2) a defendant does not have the right to bail in an amount that the defendant has the financial ability to post.

House Bill 1318 ***(failed)*** would have required a judicial officer to authorize the pretrial release of a defendant in Baltimore City who is not charged with a "crime of violence," as defined under the bill, on any conditions that reasonably ensure that the defendant will not flee or pose a danger to another person or the community. Notwithstanding any other rule or law to the contrary, while the bill would have authorized the imposition of unsecured monetary bail as a condition of pretrial release, a judicial officer would have been prohibited from imposing secured monetary bail as a condition of pretrial release for these defendants.

House Bill 1215 ***(failed)*** would have (1) established standards, criteria, and requirements for the pretrial release of criminal defendants; (2) prohibited a District Court commissioner from authorizing the pretrial release of specified defendants; and (3) required a judicial officer to consider specified factors when making pretrial release decisions. With specified exceptions, the bill would have required a defendant charged only with one or more misdemeanors to be released on personal recognizance. The bill would have also required local detention facilities to generate weekly reports listing the defendants incarcerated in the county who are awaiting trial and reviews of these weekly reports by the State's Attorney, the Public Defender or defense counsel, and the District Court. If a defendant remains in custody for longer than 72 hours after the conclusion of the defendant's bail review hearing in the District Court, the bill would have authorized the defendant to file a motion to claim that the basis for the continued incarceration is the defendant's lack of access to financial resources. On a finding that the defendant was incarcerated solely due to the inability to afford the amount of bail imposed, the court would have been authorized to modify the terms of release for the defendant by reducing the bail or allowing the release of the defendant on personal recognizance with conditions.

Victims of Crime

Sexual Assault

Chapter 37 of 2015 required a law enforcement agency or other State or local agency charged with the maintenance, storage, and preservation of sexual assault kit evidence to conduct an inventory of all kits that were stored by the agency by January 1, 2016, and report the results to OAG. Chapter 37 required OAG to prepare and transmit, by December 1, 2016, a report to the General Assembly detailing (1) the number of untested sexual assault collection kits stored by each agency; (2) the date that each untested sexual assault collection kit was collected; and (3) recommendations for addressing any backlog of untested sexual assault collection kits.

In January 2017, OAG released the required report detailing the findings of the audit and including recommendations for addressing the backlog. One of the recommendations included the formation of a Sexual Assault Evidence Kit Oversight Committee to develop (1) mandated uniform standards in a model policy; (2) corresponding support for funding, training, education, and survivor notification; (3) long-term monitoring of agency compliance with the model policy; and (4) policy guidance on the availability, collecting, testing, and storage of sexual assault evidence kits and related issues.

Senate Bill 734 ***(passed)*** (1) expands the services that sexual assault crisis programs in the State must provide and (2) requires the Governor to include in the annual budget bill an appropriation of at least $3 million for the federally recognized State sexual assault coalition (Maryland Coalition Against Sexual Assault) and sexual assault crisis programs, as specified. Under specified circumstances, the Governor is authorized to reduce the mandated appropriation by up to 40%. The bill also establishes the Maryland Sexual Assault Evidence Kit Policy and Funding Committee. In fiscal 2018 and in each fiscal year thereafter, the Governor must include funds in the State budget to implement the bill's provisions relating to the committee, including funds to operate and maintain an office and employ a full-time assistant Attorney General to staff the committee and assist with the implementation of regulations that must be adopted.

Senate Bill 349/House Bill 255 ***(passed)*** require a health care provider that performs a sexual assault evidence collection kit exam on a victim of sexual assault to provide the victim with written information describing the laws and policies governing the testing, preservation, and disposal of a sexual assault evidence collection kit.

A sexual assault evidence collection kit must be transferred to a law enforcement agency (1) by a hospital or child advocacy center within 30 days after a specified exam is performed or (2) by a government agency in possession of a kit, unless the agency is otherwise required to retain the kit by law or court rule. A law enforcement agency is prohibited from destroying or disposing of a sexual assault evidence collection kit or other crime scene evidence relating to a sexual assault that has been identified by the State's Attorney as relevant to prosecution within 20 years after the evidence is collected, unless the case for which the evidence was collected resulted in a conviction and the sentence has been completed or all suspects identified by testing a kit are deceased.

A law enforcement agency with custody of a sexual assault evidence collection kit, on written request by the victim, must (1) notify the victim at least 60 days before the date of intended destruction or disposal of the evidence or (2) retain the evidence, as specified.

Victim Protection

"Victim stay-away alert" technology is a system of electronic monitoring that is capable of notifying a victim if the defendant is at or near a location from which the defendant has been ordered by the court to stay away. ***House Bill 1163*** ***(passed)*** requires a victim impact statement to include any request for electronic monitoring or electronic monitoring with victim stay-away alert technology. The State Board of Victim Services must include in its pamphlets information regarding how to request that an offender be placed on electronic monitoring or electronic monitoring with victim stay-away technology. On a finding of probable cause and before the issuance of an arrest warrant or a summons, a judicial officer must provide an individual filing an application for a statement of charges under Maryland Rule 4-211 with an opportunity to request reasonable protections for the safety of an alleged victim or the victim's family.

Victim Notification

House Bill 1071 ***(passed)*** requires GOCCP to develop and update as necessary a uniform victim's representation notification form for a victim's representative to receive notification of a license suspension hearing as a result of a moving violation that contributed to a fatality. For a further discussion of ***House Bill 1071***, see the subpart "Motor Vehicles" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

House Bill 1526 ***(passed)*** expands who is regarded as a victim for the purpose of notification of parole release hearings, commutations, pardons, or sentence remissions. It also expands post sentencing victim notification requirements regarding an offender's mandatory supervision release, parole, predetermined parole release agreement, violation of a condition of parole or mandatory supervision, commutation of sentence, pardon, or remission of sentence to apply to a conviction of *any crime* rather than only a *violent crime*. The bill similarly expands the types of crimes for which a victim may submit a victim impact statement to the Maryland Parole Commission or DPP within DPSCS. The bill also limits those who may be designated as a victim representative for the purpose of specified expanded notifications.

Compensation for Victims of Crime

The Criminal Injuries Compensation Fund (CICF), which is within DPSCS, is a special fund that provides financial assistance for innocent victims of crime. The Criminal Injuries Compensation Board (CICB) may compensate victims who suffer physical or psychological injury for their medical expenses and loss of earnings, but only if the injury is a direct result of a criminal or delinquent offense. In cases of homicide, the board may assist with funeral expenses and loss of support on the part of the victim's dependents.

House Bill 295 ***(passed)*** expands eligibility for financial assistance for victims of crime through CICB to include a victim of a violation of § 8-738 of the Natural Resources Article (operating a vessel while under the influence of alcohol or impaired by alcohol or drugs).

Senate Bill 22 ***(Ch. 7)*** alters, from two continuous weeks to $100, the minimum eligibility threshold for an award of lost earnings or support from CICF. It also establishes eligibility for parents, children, or spouses of victims who died as a direct result of a crime or delinquent act to receive an award for lost wages. Such individuals are eligible for an award of up to two weeks of lost average weekly wages, but compensation for these claims may not exceed $2,000 per incident.

Prohibited Exposures to Disease

"Prohibited exposure" means a crime or delinquent act that may have caused or resulted in exposure to HIV. ***Senate Bill 781***/***House Bill 1375*** ***(both passed)*** add hepatitis C as a disease for which a person charged with causing a prohibited exposure to a victim may be tested. A court is authorized to order a person charged with a prohibited exposure to give a blood sample to be tested for the presence of hepatitis C. The court is required to order a test of a blood sample for hepatitis C within 10 days of a victim or victim's representative's written request to the State's Attorney in the county where a prohibited exposure occurred. The bills also contain provisions regarding emergency court orders to use oral swabs to test for the presence of HIV in prohibited exposure cases. Finally, the bills expand the definition of a "victim" of a prohibited exposure to include a health care provider who is exposed to HIV or hepatitis C while working under the direction of a law enforcement agency or while performing a sexual assault medical evidence collection examination.

Immigration Enforcement

Due to recent enforcement efforts at the federal level and State and local government responses to these efforts, local enforcement of federal immigration laws and policies was a topic of discussion during the 2017 legislative session. Several bills on this topic were introduced during the session, including bills pertaining to criminal procedure.

Senate Bill 835/***House Bill 1362*** ***(both failed)*** would have prohibited or limited participation by State and local law enforcement, correctional facilities, and other governmental agencies in federal immigration enforcement efforts. While the House passed an amended version of ***House Bill 1362*** after holding public workgroup meetings, neither bill passed the Senate.

Individuals without legal status in the United States who are victims of criminal activity may file for U Nonimmigrant Status, which is status set aside for victims of crimes who have suffered substantial mental or physical abuse due to the criminal activity and who are willing to assist law enforcement agencies or government officials in the investigation of that activity. ***House Bill 1208*** ***(failed)***, as passed by the House, would have established provisions by which a victim or a victim's family member may request specified entities to certify victim helpfulness for purposes of obtaining U Nonimmigrant Status with the U.S. Citizenship and Immigration Services.

Senate Bill 616 ***(failed)***, as passed by the Senate Judicial Proceedings Committee, contained provisions pertaining to certifications for U Nonimmigrant Status, and would have also prohibited a police officer from stopping or arresting a person without a warrant based on a possible civil violation of federal immigration law, unless the police officer was authorized to do so under federal law. The bill would have also prohibited a police officer from inquiring about an individual's immigration status, citizenship status, or place of birth prior to arrest, unless the officer is authorized to make such an inquiry under federal law or in furtherance of an ongoing criminal investigation. The bill also contained provisions on training of law enforcement officers on federal immigration laws, law enforcement policies on federal immigration enforcement, inquiries by State agencies into an individual's immigration status, and confidentiality policies of State agencies.

Legal Representation

Individuals who are determined to be indigent are eligible for representation by the Office of the Public Defender (OPD) in specified criminal proceedings. Representation of an indigent individual may be provided in accordance with the provisions of the Public Defender Act by the Public Defender or specified attorneys subject to the supervision of the Public Defender. Representation must be provided to an indigent individual in all stages of the proceedings. OPD determines whether an applicant for representation by the office is indigent and eligible for OPD legal representation. ***Senate Bill 714*** ***(passed)*** transfers responsibility for this determination by requiring a District Court commissioner to determine whether a person qualifies as indigent for purposes of eligibility for representation by OPD.

Expungements

Under the Criminal Procedure Article, a person who has been charged with the commission of a crime may file a petition for expungement listing the relevant facts of a police record, court record, or other record maintained by the State or a political subdivision of the State, under various circumstances listed in statute. These grounds include acquittal, dismissal of charges, entry of probation before judgment, entry of *nolle prosequi*, stet of charge, and gubernatorial pardon. Individuals convicted or found not criminally responsible of specified public nuisance crimes are also eligible for expungement of the associated criminal records under certain circumstances. Effective October 1, 2017, Chapter 515 of 2016, also known as the Justice Reinvestment Act, authorizes individuals convicted of specified misdemeanors to file petitions for expungement of their convictions.

Senate Bill 949 ***(passed)*** expands eligibility for expungements to include convictions for possession of marijuana under § 5-601 of the Criminal Law Article. A petition for expungement based on a conviction for possession of marijuana may not be filed within four years after the conviction or satisfactory completion of the sentence, including probation that was imposed for the conviction, whichever is later. The bill also clarifies that expungement provisions under Chapter 515 of 2016 apply to a conviction of a misdemeanor violation of § 5-601 of the Criminal Law Article that *does not* involve the use or possession of marijuana.

House Bill 836 ***(passed)*** expands the list of convictions eligible for expungement under Chapter 515 of 2016 to include a misdemeanor conviction for common law battery. A petition for expungement based on a conviction of common law battery may not be filed earlier than 15 years after the person satisfies the sentence or sentences imposed for all convictions for which expungement is requested under the provisions of Chapter 515, including parole, probation, or mandatory supervision.

Sex Offenders

Generally, a person convicted of a sex crime or other specified crime in Maryland, including kidnapping and false imprisonment under specified circumstances, is required to register with the State sex offender registry upon release from prison or release from court if the person did not receive a prison sentence.

House Bill 521 ***(passed)*** increases, from 3 to 21 days, the minimum period within which a registered sex offender must notify each local law enforcement unit where the registrant resides or habitually lives before leaving the United States to commence residence or employment or attend school in a foreign country.

Miscellaneous

Statute of Limitations

In general, prosecution for a misdemeanor must be instituted within one year after the offense was committed. Under the common law, solicitation is a misdemeanor regardless of whether the substantive crime that is the basis of the solicitation is a misdemeanor or felony. There is no statute of limitations for a felony. ***House Bill 653*** ***(passed)*** increases the statute of limitations for the prosecution of the crime of solicitation to commit murder in the first degree or arson in the first or second degree from one year to three years. ***Senate Bill 387*** ***(passed)*** contains these provisions but also increases the statute of limitations for the prosecution of the crime of solicitation to commit murder in the second degree from one year to three years.

Statement of Charges

A statement of charges for an offense allegedly committed in the course of executing the duties of a law enforcement officer, emergency services personnel, or an educator may not be filed against such a worker until the State's Attorney has investigated the circumstances of the matter and made recommendations to the District Court Commissioner. For purposes of this requirement and related provisions, ***Senate Bill 207*/*House Bill 166*** ***(both passed)*** expand the definition of "law enforcement officer" to include specified law enforcement personnel and a "correctional officer," as defined in § 8-201 of the Correctional Services Article.

Animal Abuse Emergency Compensation Fund

Senate Bill 631*/*House Bill 941 ***(both passed)*** establish the Animal Abuse Emergency Compensation Fund, administered by GOCCP, to assist in paying costs associated with the removal and care of animals impounded under the State's animal abuse and neglect law. The fund consists primarily of fines levied as a result of conviction of an animal abuse crime and money appropriated in the State budget to the fund. GOCCP receives up to $50,000 each fiscal year from the fund to offset its administrative costs.

Juvenile Law

Services and Programs for Females

The Department of Juvenile Services (DJS) is required to serve children in the juvenile services system with programming that:

- ensures the safety of the community and the children served;
- holds delinquent children accountable to victims and communities;
- assists children to develop competencies to become successful members of society;
- delivers services on a regional basis through at least four operational regions;
- ensures that a committed facility licensed by DJS serves no more than 48 children at one time, unless otherwise specified; and
- uses detention and committed facilities that are operationally separate from each other and that do not share common program space, including dining halls and educational or recreational facilities.

According to DJS, females accounted for 26.2% of the 22,429 intakes received by DJS in fiscal 2016. In the same fiscal year, female youth represented approximately 16% of its committed population.

Senate Bill 674/House Bill 721 (both passed) require DJS to serve children in the juvenile services system with programming that provides females with a range and quality of services and programs to meet their specific needs, including (1) diversion programs; (2) community detention services and programs; and (3) reentry services and programs. The bills also require the State Advisory Board for Juvenile Services to consult with and advise the Secretary of Juvenile Services on the treatment and programming needs of females in the juvenile justice system. DJS is required to submit an interim report by December 31, 2017, and a final report by December 31, 2018, to the Governor and the General Assembly on the implementation of the requirements specified above. The bills take effect July 1, 2017.

Informal Adjustment – Mental Health Program

After specified statutory requirements have been satisfied, a DJS intake officer may deny authorization to file a petition or peace order request in the juvenile court or authorize the filing of a petition or peace order request. An intake officer may also propose an informal adjustment if, based on the complaint and the inquiry, the officer concludes that a juvenile court has jurisdiction but that an informal adjustment, rather than judicial action, is in the best interests of the public and the child.

Under current law, the informal adjustment process may not exceed 90 days unless the time is extended by the court, or the intake officer determines that additional time is necessary for the child to complete a substance abuse treatment program that is part of the informal adjustment process. Of the 23,446 complaints received by DJS in fiscal 2015 (the most recent information readily available), 16.6% were handled as an informal adjustment.

Senate Bill 35 ***(passed)*** authorizes a juvenile informal adjustment process to exceed 90 days without prior court approval if the intake officer determines that additional time is necessary for the child to participate in (rather than complete) substance-related disorder treatment or a mental health program as part of the informal adjustment process.

Juvenile Court Records – Disclosure

In general, a juvenile court record is confidential, and its contents may not be divulged by subpoena or otherwise except by court order upon a showing of good cause or in certain circumstances relating to notification of a local superintendent or nonpublic school principal upon the arrest of a child for specified offenses. Statutory provisions set forth circumstances under which the court records of a child may be accessed and used by various entities for specified purposes. For example, the Department of Human Resources (DHR) may have access to and confidential use of a court record for the purpose of claiming federal Title IV-E funds. Title IV-E of the Social Security Act provides federal matching funds to help states pay for foster care placements for children who meet federal eligibility criteria. ***Senate Bill 43*** ***(passed)*** creates an additional exception to the general rule of confidentiality of juvenile records by establishing that DHR may have access to and confidential use of a court record for the purpose of claiming federal Title IV-B funds, which provide support for child welfare services.

Juvenile Strip Searches and Shackling – Implementation of Task Force Recommendations

The State's Juvenile Justice Monitoring Unit within the Office of the Attorney General has, on multiple occasions, drawn attention to the policies and practices of DJS regarding the indiscriminate shackling and strip searching of youth within the juvenile justice system. During the 2016 session, the General Assembly also expressed concern about the DJS policy of routinely strip searching children, regardless of whether there is an individualized or reasonable suspicion that they are concealing something potentially harmful. These concerns resulted in the addition of restrictive language in the fiscal 2017 budget bill withholding $1 million from DJS pending receipt of a report on the issues and the enactment of Chapter 655 of 2016 establishing the Task Force to Study the Restraint, Searches, and Needs of Children in the Juvenile Justice System.

The task force submitted its final report in December 2016. DJS has already implemented some of the task force's recommendations, including (1) directing staff to use a graduated approach such as a pat down or using a wand before conducting a visual body search; (2) providing youth with a disposable paper gown when conducting a visual body search; (3) evaluating the reorganization of its secure transportation unit; (4) providing a period of five minutes free of mechanical restraints for every four hours a youth is restrained during transport; and (5) developing procedures for out-of-state secure transports. DJS has also recently developed policies to address the use of visual body searches, including prohibiting a visual body search, except at admission to a DJS facility, unless there is an articulated reasonable belief that the youth is concealing contraband. Unless there is a reasonable belief that contraband is being concealed, a visual body search at admission is not allowed when youth have remained under the direct and continuous supervision of DJS staff during an off-campus outing.

During the 2017 legislative session, the budget committees requested that DJS provide the following information by December 1, 2017:

- an update on the progress made in implementing the recommendations of the task force;
- data on the use of strip searches pertaining to the circumstances, frequency, and outcomes for searches conducted in fiscal 2017;
- data on the number of times that youth are transported in mechanical restraints from a staff secure placement, while being released on an earned home pass, or released back to the community; and
- an evaluation of the potential for creating a nonsecure transportation unit, including both the fiscal and operational impact.

In addition, ***Senate Bill 982*** ***(passed)*** requires that by December 1, 2017, DJS prepare a progress report on the status of the implementation of the recommendations of the task force. DJS is required to compile information on changes to policies and procedures regarding the use of visual body searches and mechanical restraints during transportation. Specifically, regarding visual body searches, DJS must compile information including (1) the number of searches conducted; (2) the circumstances leading to the searches; (3) whether contraband was removed as a result of the searches; and (4) the type of contraband recovered. With regard to mechanical restraints, DJS must provide data on (1) the number of times youth are transported in mechanical restraints from a staff secure placement, while being released on an earned home pass, or while being released back to the community and (2) an evaluation of the potential for creating a nonsecure transportation unit, including both the fiscal and operational impact. Finally, the report must provide information on the age, race, and gender of youth in each facility operated by DJS.

Public Safety

Law Enforcement

Sexual Assault Evidence Collection Kit Testing

In January 2017, the Office of the Attorney General released a report detailing the findings of the audit required by Chapter 37 of 2015 regarding the maintenance, storage, and preservation of sexual assault kit evidence including recommendations for addressing the backlog of untested sexual assault collection kits. Major findings from the 102 law enforcement agencies surveyed revealed that approximately 3,700 untested sexual assault kits exist statewide. About 60% of the kits were collected between 2009 and 2016. Five percent were collected between 1981 and 1997, and the rest were collected between 1998 and 2009. Most jurisdictions reported no backlog of untested kits because the kits were deliberately not tested due to the agency's testing policies.

***Senate Bill 1094*/*House Bill 1141* (both failed)** would have required the Department of State Police (DSP) to create and operate a statewide sexual assault evidence collection kit tracking system. Under the bills, DSP would have been able to contract with others for the creation, operation, and maintenance of the system and could have used a phased-in implementation process to launch the system and facilitate entry and use of the system for required participants. DSP also would have been authorized to phase in initial participation according to region, volume, or other appropriate classifications; however, any entity with sexual assault evidence collection kits in its custody would have been required to fully participate in the system by June 1, 2019. The bills also would have established (1) reporting requirements for DSP; (2) participation/tracking requirements for law enforcement agencies, the State Police Crime Laboratory, hospitals, and State's attorneys; and (3) provisions regarding civil liability and the inspection of records and information in the system.

For a more detailed discussion of this issue, see the subpart "Criminal Procedure" within this part of this *90 Day Report*.

Maryland Police Training and Standards Commission

The Maryland Police Training and Standards Commission (MPTSC) is an independent commission within the Department of Public Safety and Correctional Services (DPSCS) that operates approved police training schools and prescribes standards for and certifies schools that offer police and security training. In consultation and cooperation with various entities, it also sets minimum qualifications for instructors and certifies qualified instructors for approved training schools.

SWAT Team Standards: ***Senate Bill 941*/*House Bill 739* (both passed)** require MPTSC to consult and cooperate with commanders of "SWAT teams" to develop standards for training and deployment of SWAT teams and of law enforcement officers who are not members of a SWAT team who conduct no-knock warrant service in the State based on best practices in the State and nationwide. "SWAT team" is defined as an agency-designated unit of law enforcement officers who are selected, trained, and equipped to work as a coordinated team to resolve critical incidents that are so hazardous, complex, or unusual that they may exceed the capabilities of first responders or investigative units.

Human Trafficking Policies: ***Senate Bill 220/House Bill 1279*** ***(both passed)*** require MPTSC to expand the curriculum and the minimum courses of study of police training conducted by police training schools to include special training, attention to, and study of the application and enforcement of the criminal laws concerning human trafficking, including services and support available to victims and the rights and appropriate treatment of victims.

Eyewitness Identification Policies: Chapter 590 of 2007 required each law enforcement agency in the State to adopt a written policy relating to eyewitness identification by December 1, 2007. The policies must comply with the U.S. Department of Justice standards on obtaining accurate eyewitness identification. ***Senate Bill 24*** ***(Ch. 8)*** repeals the requirement for each law enforcement agency in the State to file a copy of the written policy with DSP. The Act also repeals the requirement for DSP to compile the written policies and allow public inspection of each policy. Law enforcement agencies will still be required to post all official policies regarding eyewitness identification on the website of MPTSC and, if the agency maintains a website, on the agency's own website. The Act eliminates a duplicative requirement.

Firearms

Disqualifying Crimes

A person may not possess a regulated firearm, a rifle, or a shotgun if the person has been convicted of a disqualifying crime. Convicted of a disqualifying crime includes a case in which a person received probation before judgment for a crime of violence or a domestically related crime. Convicted of a disqualifying crime does not include a case in which a person received a probation before judgment for second-degree assault or a crime which was expunged under Title 10, Subtitle 1 of the Criminal Procedure Article. A "domestically related crime" is a crime committed by a defendant against a person who is protected by a protective order issued under Title 4, Subtitle 5 of the Family Law Article or a person who had a sexual relationship with the defendant within 12 months before the commission of the crime.

Senate Bill 224/House Bill 294 ***(both passed)*** alter the definition of convicted of a disqualifying crime to include a case in which a person received a probation before judgement for assault in the second degree if the crime was a domestically related crime.

Applications and Renewals

Firearm Application: A person must submit a firearm application before the person purchases, rents, or transfers a regulated firearm. A firearm application must include a copy of the applicant's Handgun Qualification License (HQL). A HQL authorizes a person to purchase, rent, or receive a handgun. A licensed firearms manufacturer, a specified active or retired law enforcement officer, a member or retired member of the U.S. Armed Forces or the National Guard, and a person purchasing, renting, or receiving an antique, curio, or relic firearm (as defined under federal law) are exempt from the requirement to obtain an HQL.

***Senate Bill 16*/*House Bill 162* (both passed)** require that a firearm application contain an applicant's HQL number instead of a copy of the HQL. The bills also clarify that the requirement does not apply if the applicant is not required to obtain an HQL.

Permit to Carry, Wear, or Transport a Handgun: A person may only carry, wear, or transport a handgun if the person possesses a permit issued by the Secretary of State Police. An initial permit to carry, wear, or transport a handgun expires on the last day of the holder's birth month following two years from the date of issuance under specified circumstances, and is renewable every three years thereafter.

Under the Maryland Private Detectives Act, the Secretary of State Police is responsible for the licensing of private detective agencies and the certification of individuals who provide private detective services in the State. Agency license terms are staggered. Renewals of agency licenses and individual certifications may occur every three years.

The Secretary of State Police is also responsible for the licensing of security guard agencies and the certification of individual security guards. Agency license terms are staggered. Renewals of agency licenses and individual certifications may occur every three years.

A special police officer holds a commission granted by the Governor. The Secretary of State Police must investigate the character, reputation, and qualifications of each applicant for a special police officer commission. An initial commission expires two years after the date of issuance and is renewable for a three-year term under specified conditions.

***Senate Bill 23*/*House Bill 877* (both passed)** allow for the alignment of the terms for permits to carry, wear, or transport a handgun with the terms of a license, certification, or commission to be a security guard, a private detective, or a special police officer.

Corrections

Personnel

Pursuant to committee narrative in the 2015 *Joint Chairmen's Report*, in January 2016, DPSCS submitted a biannual post-by-post staffing analysis identifying the minimum number of positions needed to safely and securely staff the State's correctional and detention facilities. According to its analysis, the department needs an additional 455 regular positions to achieve the minimum standard of staffing. The number of positions required to staff facilities has fluctuated over the years based on the number of Special Assignment Posts and the departmental relief factor. Alterations to the department's facility complement and a declining inmate population are also contributing factors.

***House Bill 232* (passed)** requires the Commissioner of Correction to submit, by October 31, 2017, and by October 31 in every odd-numbered year thereafter, a security and staffing report covering the prior two-year period to the Secretary of Public Safety and Correctional Services, the Governor, and the General Assembly. The report must be based on a joint survey conducted by the administration of the Division of Correction and the exclusive collective bargaining representative of the employees. The report must include:

- a post-by-post analysis that identifies the actual number of positions needed to safely and securely staff each institution;
- the amount of overtime currently being used to meet minimum standards;
- an accounting of all institution activities that have been impacted by staffing levels;
- an assessment of expected future turnover in personnel; and
- an analysis of the need for additional staff.

Education and Job Training for Inmates

Chapter 515 of 2016 (also known as the Justice Reinvestment Act) requires the Justice Reinvestment Oversight Board, in collaboration with DPSCS, to determine the annual savings from the implementation of the recommendations of the Justice Reinvestment Coordinating Council (JRCC) based on the difference between the prison population as measured on October 1, 2017, the baseline day, and the prison population as measured on October 1, 2018, the comparison day, and the variable cost of incarceration. If the prison population on the comparison day is less than the prison population on the baseline day, the board must determine savings based on the difference in the prison population multiplied by the variable cost. The board must annually determine the difference between the prison population on October 1, 2017, and the prison population on October 1 of the current year and calculate any savings based on the difference in the prison population multiplied by the variable cost. If a prison population decline causes a correctional unit, wing, or facility to close, the board must conduct an assessment to determine the savings from the closure.

The board must recommend annually that the savings be distributed as follows: (1) up to 50% to the Performance Incentive Grant Fund for implementation of the JRCC recommendations and (2) the remaining amount for additional services identified as reinvestment priorities in JRCC's final report. However, the Governor is not required to follow the board's recommendations.

House Bill 459 ***(passed)*** requires, in accordance with funding recommendations of the Justice Reinvestment Oversight Board, a postsecondary education and workforce training program to provide inmates with the requisite training, certifications, and experience to obtain careers in in-demand job sectors. The bill authorizes the Justice Reinvestment Oversight Board to recommend that a portion of specified remaining savings associated with a prison population decline be used for the development and implementation of this postsecondary education and workforce training program.

Part F
Courts and Civil Proceedings

Judges and Court Administration

Judicial Elections

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. Candidates for circuit court judge are typically nominated for the general election by the Democratic and Republican parties in the primary election and will "cross-file," appearing on both the Democratic and Republican primary election ballots, needing to win on only one. In addition to nomination through the primary election, circuit court judges also have the option of being nominated for the general election by a third party or by petition.

Generally, the name of a candidate who is defeated for the nomination for a public office may not appear on the ballot at the next succeeding general election as a candidate for any office. Candidates for circuit court judge are an exception to that provision. ***Senate Bill 1121*/*House Bill 1382* (both passed)** prohibit the name of a candidate for the office of judge of the circuit court who is defeated in each contest for the office of circuit court judge in which the candidate appears on the ballot in the primary election from appearing on the ballot at the succeeding general election as a candidate for any office.

Recall of Former Judges

The Chief Judge of the Court of Appeals may assign any former judge to sit temporarily in any court if the assignment is approved by the administrative judge of the circuit in which the former judge is to be assigned and other specified requirements are met. In Baltimore City and Charles, Harford, and Prince George's counties, the former judge must have served in the aggregate at least three years as a judge; in Talbot County, one year's prior service is required. Otherwise, the former judge must have served in the aggregate at least two years as a judge.

Former judges may not be recalled for temporary assignment if the judge (1) was removed or involuntarily retired from judicial office pursuant to the Constitution or State law; (2) voluntarily retired by reason of disability; (3) had the most recent service as a judge terminated by reason of defeat for election to judicial office or by rejection of confirmation by the Senate; (4) was censured by the Court of Appeals upon recommendation of the Commission on Judicial Disabilities; or (5) is engaged in the practice of law.

Senate Bill 182 ***(Ch. 10)*** alters, from three to two years, the minimum number of years that a former judge in Baltimore City and Charles, Harford, and Prince George's counties must have served in order to be eligible to be recalled for temporary service.

District Court Commissioners – Residency

District Court Commissioners must be adult residents of the counties in which they serve but are not required to be lawyers. Each commissioner holds office at the pleasure of the Chief Judge of the District Court and has the powers and duties as prescribed by law. ***Senate Bill 746*** ***(passed)*** authorizes District Court Commissioners to serve in counties contiguous to the counties in which they reside. However, under the bill, District Court Commissioners in Anne Arundel or Baltimore counties may not reside in Baltimore City, and District Court Commissioners in Baltimore City must be adult residents of Baltimore City.

Maryland Legal Services Corporation Funding

The Maryland Legal Services Corporation (MLSC) was established by the Maryland General Assembly in 1982. It receives and distributes funds to nonprofit grantees that provide legal assistance to eligible clients in civil cases. The Governor is required to appropriate money from the State Unclaimed Property Fund to support the activities of MLSC. Additionally, lawyers are required to place small or short-term client trust funds into an Interest on Lawyer Trust Account (IOLTA), the interest on which is paid into the MLSC Fund. In addition to these funds, a surcharge on filing fees in circuit court civil cases and District Court civil and summary ejectment cases is also deposited into the MLSC Fund. The funds collected from the IOLTA, the surcharge, and the abandoned property funds are deposited by the Administrative Office of the Courts into the MLSC Fund, which MLSC then distributes in the form of grants to various organizations that perform the legal assistance services.

Due to declining IOLTA revenue, as well as an increasing demand for legal services, the General Assembly passed Chapter 486 of 2010, which increased the maximum surcharge on civil cases filed in circuit courts from $25 to $55. In the District Court, the maximum authorized surcharge also increased from $5 to $8 for summary ejectment cases and from $10 to $18 for all other civil cases. The higher maximum surcharge increased filing fee revenue between fiscal 2010 and 2011, which allowed MLSC to increase grant funding levels to pre-2010 levels while relying less heavily on its reserve fund. Pursuant to Chapter 486, the increased surcharges were set to terminate June 30, 2013. Chapters 71 and 72 of 2013 extended the termination date to June 30, 2018. ***Senate Bill 811/House Bill 972*** ***(both passed)*** repeal this termination date.

Repealing the termination date also continues the requirement for MLSC to submit, for informational purposes only, its budget to the General Assembly.

The General Assembly also increased mandatory appropriations for MLSC. ***Senate Bill 856*** ***(passed)*** increases, from $1.5 million to $2.0 million, the amount the Comptroller is required to distribute from abandoned property funds to the MLSC Fund each year.

Attorneys – In-house Counsel – Expansion

Generally, before an individual may practice law in the State, the individual must be admitted to the Maryland Bar and meet any requirement that the Court of Appeals may set by rule. However, an individual who is employed by a corporation and is admitted to the bar of any other state may provide legal advice to the corporation.

Senate Bill 794/***House Bill 236*** ***(both passed)*** broaden the existing exception to authorize an individual who is admitted to the bar of any other state to provide legal advice to the individual's employer or the employer's organizational affiliates, not just corporations. For purposes of the bills, "affiliate" means a person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with an employer. An individual giving legal advice under the bills is subject to disciplinary proceedings as the Maryland Rules provide. Further, that individual may not appear before a unit of State government or a unit of a political subdivision unless a court grants the individual a special admission.

Civil Actions and Procedures

Statutes of Limitations

Child Sexual Abuse

Pursuant to Chapter 360 of 2003, an action for damages arising out of an alleged incident of sexual abuse that occurred while the victim was a minor must be filed within seven years of the date that the victim attains the age of majority. The law is not to be construed to apply retroactively to revive any action that was barred by application of the period of limitations applicable before October 1, 2003.

In response to growing recognition of the long-term impact of child sexual abuse, ***House Bill 642*** ***(Ch. 12)*** (1) expands the statute of limitations for an action for damages arising out of an alleged incident or incidents of sexual abuse that occurred while the victim was a minor; (2) establishes a statute of repose for specified civil actions relating to child sexual abuse; and (3) exempts causes of action filed under the provisions of the law from the notice of claim requirement under the Local Government Tort Claims Act and the submission of a written claim requirement, denial of claim requirement, and the statute of limitations under the Maryland Tort Claims Act.

An action for damages arising out of an alleged incident or incidents of sexual abuse that occurred while the victim was a minor must be filed (1) at any time before the victim reaches the age of majority or (2) within the later of 20 years after the date on which the victim reaches the age of majority or 3 years after the date that the defendant is convicted of a crime relating to the alleged incident or incidents, as specified.

However, the Act specifies that in an action brought more than seven years after the victim reaches the age of majority, damages may be awarded against a person or governmental entity that is not the alleged perpetrator of the sexual abuse only if (1) the person or governmental entity owed a duty of care to the victim; (2) the person or governmental entity employed or exercised some degree of responsibility or control over the alleged perpetrator; and (3) there is a finding of gross negligence on the part of the person or governmental entity. The Act establishes a "statute of repose" that prohibits a person from filing an action more than 20 years after the date on which the victim reaches the age of majority against a person or governmental entity that is not the alleged perpetrator for damages arising out of an alleged incident or incidents of sexual abuse that occurred while the victim was a minor.

Collective Bargaining Agreement − Breach of Duty

In *Lewis v. Baltimore Convention Ctr.*, 231 Md. App. 144 (2016), a class of employees of the Baltimore Convention Center appealed a circuit court's dismissal of its complaint concerning (1) Baltimore City's breach of contract with their union by failure to pay overtime wages; (2) the union's breach of its duty of fair representation; and (3) the union's tortious interference with the contract. The Court of Special Appeals affirmed the circuit court's dismissal of the complaint, holding that the complaints of the class were barred by limitations.

***Senate Bill 1027*/*House Bill 852* (both passed)** specify a period of limitations for filing an action for injunctive relief or damages for (1) a violation of a collective bargaining agreement covering an employee of the State or a political subdivision of the State or (2) a breach by an exclusive representative of the duty of fair representation owed to an employee of the State or a political subdivision of the State. Under the bills, such an action must be commenced within six months after the later of (1) the date on which the claim accrued or (2) the date on which the complainant knew or should reasonably have known of the breach. The bills apply prospectively to causes of action arising on or after October 1, 2017.

False Claims – Municipal Corporations

Under the English common law, a private individual could bring a *qui tam* action (a private party cause of action brought on behalf of a governmental entity) in court on behalf of the Crown. If the individual was successful, he or she would receive a part of the penalty imposed. In the United States, the practice exists as a component of some "whistleblower" statutes, including the Maryland False Claims Act (MFCA).

MFCA (1) prohibits a person from knowingly making a false or fraudulent claim for payment or approval by a governmental entity; (2) authorizes a governmental entity to file a civil action against a person who makes a false claim; (3) establishes civil penalties for making a false claim; (4) permits a private citizen to file a civil action on behalf of a governmental entity against a person who has made a false claim; (5) requires the court to award a certain percentage of the proceeds of the action to the private citizen initiating the action; and (6) prohibits retaliatory actions by a person against an employee, contractor, or grantee for disclosing a false claim or engaging in other specified false claims-related activities.

Senate Bill 26 ***(passed)*** expands the definition of "governmental entity" under MFCA to include a municipal corporation. The bill also adds the attorney for each municipal corporation to the existing reporting requirements under MFCA. Accordingly, the attorney for each municipal corporation must annually report to the General Assembly on the following information from the previous fiscal year: (1) the number of MFCA civil actions filed; (2) the number of MFCA civil actions in which a judgment was entered, whether by settlement or adjudication; and (3) the number of claims made by the governmental entity based on alleged violations of the prohibitions under MFCA that are settled without the filing of a civil action. The bill applies prospectively to causes of action arising on or after October 1, 2017.

Damages and Compensation

Erroneous Conviction and Imprisonment

A person charged by indictment or criminal information with a crime triable in circuit court and convicted of that crime may, at any time, file a petition for writ of actual innocence in the circuit court for the county in which the conviction was imposed if the person claims that there is newly discovered evidence that (1) creates a substantial or significant possibility that the result may have been different, as that standard has been judicially determined and (2) could not have been discovered in time to move for a new trial under the Maryland Rules. In ruling on a petition, the court may set aside the verdict, resentence, grant a new trial, or correct the sentence, as the court considers appropriate.

The Board of Public Works (BPW) may grant payments to an individual erroneously convicted, sentenced, and confined under State law for a crime the individual did not commit. BPW is authorized to grant an amount commensurate with the actual damages sustained by the individual, but is also authorized to grant a reasonable amount for any financial or other appropriate counseling for the individual due to the confinement. An individual is eligible for these payments only if the individual received from the Governor a full pardon stating that the individual's conviction has been shown conclusively to be in error.

Senate Bill 348**/*****House Bill 593*** ***(both passed)*** authorize a State's Attorney, upon request of a petitioner for a writ of actual innocence, to certify that a conviction was in error if (1) the court grants the petitioner's petition for relief; (2) the court sets aside the verdict or grants a new trial when ruling on the petitioner's petition for writ of actual innocence; and (3) the State's Attorney declines to prosecute the petitioner because the State's Attorney determines that the petitioner is innocent. An individual is eligible for payments by BPW if the State's Attorney certifies that the individual's conviction was in error.

The bills also establish the Task Force to Study Erroneous Conviction and Imprisonment, to be staffed by the Governor's Office of Crime Control and Prevention. The provisions pertaining to the task force terminate September 30, 2018. The task force must (1) study the State's process for establishing whether a conviction was made in error and for determining the innocence of a person wrongly convicted; (2) study the processes and standards in other states for designating an erroneous conviction, determining a person's innocence, and compensating a person for imprisonment based on an erroneous conviction; and (3) make recommendations on whether the State should create and implement a new process to designate an erroneous conviction and determine the innocence of a person erroneously convicted, including whether a specific agency should certify that a person is innocent.

Injury To or Death of Pet

A person who tortiously causes an injury to or death of a pet while acting individually or through an animal under the person's direction or control is liable to the owner of the pet for compensatory damages, not to exceed the amount specified in statute. In the case of the death of a pet, compensatory damages are equal to the fair market value of the pet before its death and the reasonable and necessary cost of veterinary care. For tortious injury to a pet, compensatory damages equal the reasonable and necessary cost of veterinary care. The provisions only apply to domesticated animals, not livestock.

Senate Bill 143 ***(passed)*** establishes that a person who tortiously causes an injury to or death of a pet while acting through an animal under the person's ownership is liable to the owner of the pet for compensatory damages. The bill also increases the maximum compensatory damages awardable in cases relating to tortious injury to or death of a pet from $7,500 to $10,000. The bill applies prospectively to causes of action arising on or after October 1, 2017.

Small Claims Actions – Appeals

To practice law in the State, an individual must be admitted to the Bar of Maryland and meet any requirement the Court of Appeals sets by rule. However, there are specified exceptions to the admission requirement, which pertain to specified representatives of business entities or their designees appearing on behalf of the entity in specified actions in the District Court of Maryland. Under existing statute, these individuals are exempt from bar admission and other requirements in a small claims cases in the District Court of Maryland.

Senate Bill 500 ***(passed)*** exempts specified representatives or designees of a corporation, partnership, limited liability company, or business entity from the requirement of admission to the Bar of Maryland and other requirements set by the Maryland Court of Appeals for representing the entity in an appeal from the District Court of Maryland in a small claims case.

Emergency Veterinary Care − Civil Immunity

Under the Good Samaritan Act, various rescue and medical personnel are immune from civil liability for any act or omission in giving any assistance or medical care, if (1) the act or omission is not grossly negligent; (2) the assistance or medical care is provided without fee or other compensation; and (3) the assistance or medical care is provided at the scene of an emergency, in transit to a medical facility, or through communications with personnel providing emergency assistance.

***Senate Bill 269*/*House Bill 216* (both passed)** establish immunity from civil liability for various rescue, veterinary, and medical personnel, among others, who provide veterinary aid, care, or assistance to an animal under specified circumstances. The bills also exempt individuals who are immune from liability from specified prohibitions on the practice of veterinary medicine. The immunity from civil liability applies if (1) the act or omission is not one of gross negligence; (2) the veterinary aid, care, or assistance is provided without fee or other compensation from the owner or custodian of the animal; and (3) the veterinary aid, care, or assistance is provided at the scene of an emergency, in transit to a veterinary facility, or through communications with licensed veterinary personnel providing emergency veterinary assistance.

Prohibitions on the practice of veterinary medicine do not apply to an act or omission in giving emergency veterinary aid, care, or assistance that qualifies for immunity under the bills.

Family Law

Child Abuse and Neglect

Definitions of Child Abuse and Neglect

Under current law, "abuse" means the physical or mental injury of a child by any parent or other person who has permanent or temporary care or custody or responsibility for supervision of a child, or by any household or family member under circumstances that indicate that the child's health or welfare is harmed or is at substantial risk of being harmed. "Abuse" also includes sexual abuse of a child, whether physical injuries are sustained or not. "Mental injury" means the observable, identifiable, and substantial impairment of a child's mental or psychological ability to function. "Sexual abuse" is any act that involves sexual molestation or exploitation of a child by a parent or other person who has permanent or temporary care or custody or responsibility for supervision of a child, or by any household or family member.

In *Wicomico County Department of Social Services v. B.A.*, 449 Md. 122 (2016), the Court of Appeals upheld an Administrative Law Judge's conclusion that because a martial arts instructor did not have "temporary care or custody or responsibility for supervision of a child" when he engaged in sexually suggestive electronic and telephone communications with a 15-year-old student outside of classroom hours while the student was at home, he could not be found responsible for indicated child sexual abuse.

In *McClanahan v. Washington County Department of Social Services*, 445 Md. 691 (2015), a local department of social services determined that a mother who made multiple unfounded sexual abuse allegations against her daughter's father and subjected her daughter to numerous sexual abuse examinations caused mental injury to her daughter. The Administrative Law Judge concluded that the mother's actions were either intentional attempts to manipulate and influence the outcome of an ongoing custody dispute with the child's father or the result of a subconscious effort to have the daughter remain close to her. In interpreting the definition of "mental injury" under the child abuse statutes, the Court of Appeals held that a person can only be identified as responsible for child abuse if the person intended to injure the child or acted with reckless disregard of the child's welfare. Therefore, the mother could not be determined to be a child abuser if her inappropriate motivations for reporting child abuse were only at the subconscious level, even if the child was mentally injured.

***Senate Bill 996*/*House Bill 1263* (both passed)** address issues raised in these Court of Appeals' decisions. In response to *Wicomico County*, the bills alter the definition of "abuse" in provisions of law relating to the reporting and investigation of suspected child abuse and neglect to include acts by a person who, because of the person's position or occupation, exercises authority over the child. In response to *McClanahan*, the bills alter the definition of "mental injury" to mean the observable, identifiable, and substantial impairment of a child's mental or psychological ability to function caused by an intentional act or series of acts, regardless of whether there was an intent to harm the child. The bills also clarify that abuse does not include the physical injury of a child by accidental means.

Protecting Victims of Sex Trafficking

The federal Justice for Victims of Trafficking Act of 2015 requires states receiving federal funds under the Child Abuse Prevention and Treatment Act (CAPTA) to take specific steps to address sex trafficking. In order to be in compliance with CAPTA, states must consider a child to be a victim of child abuse and neglect and of sexual abuse if the child is identified by a state or local agency as being a victim of sex trafficking or a victim of severe forms of trafficking in persons. Under current law, in order for local departments to investigate an allegation of sex trafficking and provide services, the alleged perpetrator must be the victim's parent, family or household member, or caretaker. In accordance with CAPTA, ***Senate Bill 308*/*House Bill 632* (both passed)**, alter the definition of "sexual abuse" in provisions of law relating to the reporting and investigation of suspected child abuse and neglect to include sex trafficking of a child, regardless of the victim's relationship with the alleged abuser. "Sex trafficking" is the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a child for the purpose of a commercial sex act. These bills also align with a recommendation of the Workgroup to Study Safe Harbor Policy for Youth Victims of Human Trafficking, which noted in its 2016 report that in sex trafficking cases, the relationship between the victim and the trafficker is often not clear. In addition to ensuring compliance with federal law, the bills will permit local departments of social services to (1) respond immediately to trafficking allegations regardless of any relationship between the child victim and the trafficker; (2) work with law enforcement; and (3) provide services to victims.

***Senate Bill 912*/*House Bill 1219* (both passed)**, make related changes by altering the definition of "sexual abuse" in provisions of law relating to a "child in need of assistance" (CINA) to include "sex trafficking" of a child, regardless of the victim's relationship with the alleged abuser.

Jurisdiction and Authority of Juvenile Court

In making a disposition on a CINA petition, a juvenile court may take numerous actions, including placing a child under the protective supervision of the local department of social services, granting limited guardianship to the Department of Human Resources (DHR) and/or an individual for specific purposes, or ordering rehabilitative services, as specified. A juvenile court has jurisdiction over CINA cases only if the alleged CINA or child in a voluntary placement is younger than age 18 when the petition is filed. Once jurisdiction is obtained, it continues in that case until the child reaches age 21, unless the court terminates the case.

Consistent with the child's best interests, if a juvenile court grants guardianship of a child, the court must take specified actions, including directing the provision of any services or taking of any other action as to the child's education, health, and welfare, including (1) services needed to help the child's transition from guardianship to independence, if a child is at least age 16 or (2) for a child with a disability, services to obtain ongoing care, if any, that are needed after the guardianship case ends.

The Court of Appeals, in *In re Adoption/Guardianship of Dustin R.,* 445 Md. 536 (2015), affirmed that statutory provisions empower a juvenile court to order a State agency to provide services needed to obtain ongoing care for a child with a disability under an order of guardianship after the child reaches age 21 and the guardianship ends without violating the separation of powers doctrine within the Maryland Declaration of Rights. According to the Court of Appeals, these services should act as a bridge to provide continuity as the child transitions to the adult guardianship system. However, children under the CINA jurisdiction of the juvenile court are not eligible for this protection. ***Senate Bill 272*/*House Bill 279* (both passed)** authorize, at a disposition hearing in a CINA proceeding, and require, at a permanency planning hearing, the juvenile court, with regard to a child with a developmental disability, to direct the provision of services to obtain ongoing care, if any, needed after the court's jurisdiction ends. The bills add related requirements to provisions regarding guardianships. If the court enters an order directing the provision of services to a child, as specified, the court retains jurisdiction to rule on any motion related to the enforcement, modification, or termination of the order, for as long as the order is effective. An order directing the provision of services to a child with a developmental disability is effective until (1) the child is transitioned to adult guardianship care if adult guardianship is necessary and there is no less restrictive alternative that meets the needs of the child and (2) the Department of Health and Mental Hygiene enters into an agreement to provide or obtain the services ordered by the court or, if the order is challenged, the conclusion of any administrative or judicial review proceeding regarding the necessity of the services ordered.

Siblings in Treatment Foster Care Homes

A local department of social services must place together siblings who are in an out-of-home placement if it is in the best interests of the siblings to be placed together and the placement does not conflict with a specific health or safety regulation. If there is a conflict with a specific regulation, the local department may place the siblings together if it makes a written finding describing how the placement serves the best interests of the siblings. Pursuant to the Code of Maryland Regulations, no more than two children may be placed in a treatment foster care home without prior justification and written approval from the Social Services Administration (SSA) in DHR. ***Senate Bill 85*/*House Bill 1207* (both passed)** authorize a local department, in order to keep siblings together, to place more than two children who require treatment in an eligible treatment foster care home if the local department (1) makes a written finding explaining why the placement is in the best interests of the siblings and will not harm other children at the same home and (2) notifies SSA of the placement. A "sibling" means a brother or sister of the whole or half blood or by adoption. A "treatment foster care home" is an out-of-home placement facility that is part of a program designed and implemented by a child placement agency to provide intensive casework and treatment in a family setting to children with special physical, emotional, or behavioral needs.

Statute of Limitations for Child Sexual Abuse

Pursuant to Chapter 360 of 2003, an action for damages arising out of an alleged incident or incidents of sexual abuse that occurred while the victim was a minor must be filed within seven years of the date that the victim attains the age of majority. The law is not to be construed to apply retroactively to revive any action that was barred by application of the period of limitations applicable before October 1, 2003. ***House Bill 642* (Ch. 12)** extends this statute of limitations by establishing that an action for damages arising out of an alleged incident or incidents of sexual abuse that occurred while the victim was a minor must be filed (1) at any time before the victim reaches the age of majority or (2) within the later of 20 years after the date on which the victim reaches the age of majority or 3 years after the date that the defendant is convicted of a crime relating to the alleged incident or incidents, as specified. For a further discussion of ***House Bill 642***, see the subpart "Civil Actions and Procedures" within this part of this *90 Day Report*.

Divorce

Restoration of Former Name

In granting a decree of absolute divorce, the court must change the name of a party to either the name given to the party at birth or any other former name the party wishes to use if (1) the party took a new name on marriage and no longer wishes to use it; (2) the party asks for the change of name; and (3) the purpose is not illegal, fraudulent, or immoral. ***Senate Bill 83*/*House Bill 793* (both passed)** allow a party who wishes to restore the use of a former name after an absolute divorce to file a motion within 18 months after a final decree of absolute divorce is entered. The court must change the name of the party as long as the conditions specified above are met.

Admissibility of Domestic Violence Protective Orders

Under current law, an order or decision in a domestic violence protective order proceeding is inadmissible as evidence in a divorce proceeding. A court may not consider compliance with a domestic violence protective order as grounds for granting a decree of limited or absolute divorce. ***House Bill 293* (passed)** repeals these provisions.

Child Support

License Suspensions

Under current law, DHR may request a licensing authority to suspend or deny a driver's license, an occupational or professional license, or a recreational hunting or fishing license of an individual for failure to pay child support under specified circumstances. ***Senate Bill 906*/*House Bill 1047* (both passed)** expand the circumstances to include certain hardship exemptions under which an individual who has received notice of a potential professional license suspension due to a child support arrearage may request an investigation with the Child Support Enforcement Administration (CSEA) in DHR. CSEA must include in the required written notice to an individual whose license is subject to suspension and necessary to practice or engage in a particular business, occupation, or profession, a statement that the obligor has the right to request an investigation on the following grounds: (1) the reported arrearage is inaccurate; (2) the suspension of the license would be an impediment to current or potential employment because the license is necessary for the obligor's primary source of income and the obligor has made good faith payments toward the child support obligation; or (3) the suspension of the license would result in undue hardship because the obligor has a documented disability resulting in a verified inability to work or the suspension of the license would result in the inability of the obligor to comply with the court order.

If, after an investigation or appeal to the Office of Administrative Hearings, CSEA finds that any of these circumstances exist, it is prohibited from sending a notification about an individual to a licensing authority for professional license suspension. The bills also expand the reasons under which CSEA is to notify the licensing authority to reinstate a license to include when an individual with a child support arrearage has (1) paid a lump sum equal to four times the ordered amount of monthly support or (2) cooperated with CSEA in entering into an enforceable wage withholding order with the maximum deduction permitted under federal law. The bills are intended to make provisions relating to the suspension of a professional license consistent with the hardship exemptions included in provisions relating to the suspension of a driver's license for failure to pay child support.

The bills also extend, from 60 to 120 days, the period of time that an individual with a commercial driver's license may be out of compliance with a child support order before the individual's driver's license may be suspended.

Health Insurance Coverage

When establishing the child support obligation for each parent pursuant to the State's child support guidelines, any actual cost of providing health insurance coverage for a child for whom the parents are jointly and severally responsible and extraordinary medical expenses incurred on behalf of a child must be added to the basic child support obligation and divided by the parents in proportion to their actual adjusted incomes. ***House Bill 926* (passed)** defines the term "health insurance" by establishing that "health insurance" includes medical, dental, and vision insurance and prescription drug coverage.

Domestic Violence

A person may not possess a regulated firearm, a rifle, or a shotgun if the person has been convicted of a disqualifying crime. Under current law, "convicted of a disqualifying crime" does not include a case in which a person received a probation before judgment for second-degree assault. ***Senate Bill 224/House Bill 294*** ***(both passed)*** alter the definition of "convicted of a disqualifying crime" to include a case in which a person received a probation before judgement for assault in the second degree if the crime was a domestically related crime. Domestically related crimes are crimes committed by a defendant against a victim who meets specified relationship requirements and is eligible to petition for a domestic violence protective order under the Family Law Article. For a further discussion of ***Senate Bill 224*** or ***House Bill 294***, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Adult Protective Services

A "vulnerable adult" is an adult who lacks the physical or mental capacity to provide for the adult's daily needs. Local departments of social services are responsible for investigating reports of suspected abuse, neglect, self-neglect, or exploitation of vulnerable adults. If a report indicates that an emergency exists, an investigation must be completed within 10 days; otherwise, an investigation must be completed within 30 days. ***Senate Bill 680*** ***(passed)*** increases, from 30 to 60 days, the period of time during which a local department must complete an investigation when the report does not indicate that an emergency exists.

Filial Support Laws

Numerous states have "filial support laws," which require adult children to be responsible for the care of indigent parents. The laws, which generally predate Medicare, Medicaid, and Social Security, are rarely enforced in most states. ***Senate Bill 676/House Bill 764*** ***(both passed)*** repeal provisions relating to the prohibition against the neglect of a destitute parent or the refusal by an adult child who has or is able to earn sufficient means, to provide a destitute parent with food, shelter, care, and clothing. The bills also alter the definition of a "responsible relative" to exclude the children of a recipient of services in provisions of law relating to the responsibility for the cost of specified State-funded health care services. For a further discussion of ***Senate Bill 676*** or ***House Bill 764***, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

Human Relations

Housing Discrimination Based on Source of Income

State law prohibits housing discrimination because of race, sex, color, religion, national origin, marital status, familial status, sexual orientation, gender identity, or disability. ***Senate Bill 728/House Bill 172*** ***(both failed)*** would have prohibited discriminatory practices in residential real estate transactions and the sale or rental of a dwelling because of a person's source of income. The bills defined "source of income" as any lawful source of money paid directly or indirectly to or on behalf of a renter or buyer of housing, including income from any government or private assistance, grant, loan, or rental assistance program, including low-income housing assistance certificates and vouchers. The bills would not have prevented a person from refusing to consider income derived from any criminal activity nor prohibited a person from determining the ability of a potential buyer or renter to pay by verifying, in a commercially reasonable and nondiscriminatory manner, the source and amount of income of the potential buyer or renter. As passed by the House, ***House Bill 172*** would also have required each public housing agency to develop a list of zip codes in the agency's jurisdiction in which at least 6% of the total number of housing assistance vouchers administered by the agency are used and would have provided that the discrimination provisions do not apply to the rental of a dwelling unit located in a zip code that was included in a list, so as to avoid the concentration of housing assistance vouchers. In addition, ***House Bill 172*** would have required the owner of an apartment complex in specified jurisdictions to rent or make available for rent 15% of the units in the complex to persons who receive housing assistance vouchers and established an affirmative defense for apartment owners in actions for alleged discrimination based on source of income if 15% of the units were rented to persons who receive housing assistance vouchers and the owners filed a specified form with the Department of Housing and Community Development or the appropriate public housing agency.

Security Upgrades for Facilities at Risk of Hate Crimes or Attacks

According to news reports, at least two Jewish day schools in Maryland received bomb threats in February 2017. ***Senate Bill 1191***/***House Bill 1661*** ***(both passed)*** authorize the Maryland Center for School Safety to make grants to schools and child care centers determined to be at risk of hate crimes or attacks for security-related personnel and technology and facility upgrades. For a further discussion of ***Senate Bill 1191*** and ***House Bill 1661***, see the subpart "Education – Primary & Secondary" within Part L – Education of this *90 Day Report*.

Real Property

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.

Homeowners Associations – Inspection Fee on Resale

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 homeowners association (HOA) must provide specified information related to the required disclosures to a lot owner within

20 days after receiving a written request from the lot owner. The written request must be accompanied by a reasonable fee, not exceeding the actual cost to the HOA, up to a maximum of $250, for providing the information.

Chapter 735 of 2016 authorized a council of unit owners in a condominium to also charge a reasonable fee of up to $100 for an inspection of the unit owner's unit, if required to meet specified disclosure requirements on the resale of the unit by a unit owner other than a developer. ***House Bill 34*** ***(passed)*** authorizes the imposition of a similar fee by an HOA, not to exceed $50, for conducting an inspection in connection with the resale of a lot if the inspection is required by the governing documents of the HOA.

Amendment of Governing Documents

House Bill 789 ***(passed)*** alters the process for amending the governing documents of a condominium or HOA, which often requires the affirmative vote of two-thirds or more of the property owners, a level of participation that is frequently cited as nearly impossible to achieve. Specifically, the bill authorizes the council of unit owners of a condominium, notwithstanding the provisions of the bylaws, to amend the bylaws by the affirmative vote of unit owners in good standing having at least 60% of the votes in the council, or by a lower percentage if required in the bylaws. The bill also authorizes an HOA, notwithstanding the provisions of a governing document, to amend the governing document by the affirmative vote of lot owners in good standing having at least 60% of the votes in the development, or by a lower percentage if required in the governing document. The bill defines "in good standing" as not being more than 90 days in arrears in the payment of any assessment or charge due to the condominium or HOA, and for an HOA defines "governing document" to include a declaration, bylaws, a deed and agreement, and recorded covenants and restrictions. The bill does not apply to an HOA that issues bonds or other long-term debt secured in whole or in part by annual charges assessed in accordance with a declaration, or to a village or community association affiliated with that HOA.

Notice of Sale of Common Elements and Common Areas

Under the provisions of ***Senate Bill 809*** ***(passed)***, the governing body of a condominium or HOA, or if control has not yet transitioned to unit owners or lot owners, the developer or declarant, must give notice no less than 30 days before the sale, including a tax sale, of any common element or common area located on property that has been transferred to the condominium or HOA. The notice requirement may be satisfied by providing written notice to each unit owner or lot owner, or by posting a specified sign on the property to be sold and, if the condominium or HOA has a website, providing notice on the website.

Residential Foreclosures

Foreclosure Process

Over the past several years, the State's multifaceted approach to the foreclosure process 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 2017 session, the General Assembly passed legislation to require additional notices at the beginning and the end of the foreclosure process, as well as to establish an expedited process for vacant and abandoned property, a problem that continues to challenge local communities. ***Senate Bill 875/House Bill 1048*** ***(both passed)*** require a person authorized to make a sale in an action to foreclose a mortgage or deed of trust on residential property to provide the Department of Labor, Licensing, and Regulation with a notice of foreclosure within seven days of the filing of an order to docket or a complaint to foreclose. The notice must be in the form the department requires, which may be in the form of a registration with the Foreclosed Property Registry currently administered by the department. The bills also express legislative intent that the bills do not repeal any local law enacted prior to January 1, 2017, that requires a notice substantially similar to the notice of foreclosure described in the bills to be filed with the local jurisdiction.

Senate Bill 247/House Bill 26 ***(both passed)*** require the person authorized to make a sale in an action to foreclose a mortgage or deed of trust on residential property to give written notice of the proposed sale to a condominium or HOA that has recorded, at least 30 days before the date of the proposed sale, a statement of lien against the property under the Maryland Contract Lien Act. In the event of a postponement or cancellation of a sale to foreclose a mortgage or deed of trust, the bills require the trustee of the property to provide written notice to the record owner and, if applicable, to a condominium or HOA that was notified of the foreclosure sale, within 14 days after the postponement or cancellation.

Expedited Foreclosure of Vacant and Abandoned Property

Vacant residential property, whether resulting from foreclosure or other circumstances, often becomes a nuisance to the community, which, in turn, lowers the value of surrounding properties and the community as a whole and encourages criminal activities on and near the property. In addition, when abandoned, vacant property does not generate tax revenue for the local government and may, in fact, become a costly drain on local government resources (*e.g.*, enforcement of public safety laws and ongoing nuisance abatement such as weed cutting, removal of dumped garbage, rodent control, and boarding up of windows).

Under ***Senate Bill 1033/House Bill 702*** ***(both passed)***, a residential property may be found to be vacant and abandoned if (1) the court finds that the mortgage or deed of trust on the property has been in default for 120 days or more; (2) no mortgagor or grantor has filed with the court an answer or objection that would preclude the court from entering a final judgment and a decree of foreclosure; (3) no mortgagor or grantor has filed with the court a written statement that the property is not vacant and abandoned; and (4) the court finds that at least three from a nonexhaustive list of enumerated circumstances are true as to the property. If the court rules that a property is vacant and abandoned, the secured party may file an action for immediate foreclosure and must serve the foreclosure documents in a specified manner.

Landlord and Tenant

Limitations on Liability for Rent for Military Personnel

***Senate Bill 49*/*House Bill 851* (both passed)** alter current law with regard to the limits on liability under a residential lease for a person on active duty with the U.S. military. Specifically, the bills make the limits on liability also apply to the person's spouse and define "change of assignment" to include specified permanent or temporary orders, orders requiring a person to move onto a military installation, and a release from active duty under specified circumstances. Under the bills, if a person on active duty with the U.S. military, or the person's spouse, enters into a residential lease and the person subsequently receives a change of assignment, any liability of the person or the person's spouse is limited to any rent or other lawful charges then due and payable plus 30 days' rent and the cost to repair any property damage caused by an act or omission of the tenant. The 30-day limit commences when written notice and proof of the change of assignment are given to the landlord. Also, the provisions apply regardless of whether the change of assignment occurs before or after the property is occupied.

Recordation of Mortgages and Deeds of Trust

Under current law, a deed, mortgage, or deed of trust may not be recorded unless it bears either (1) the certification of an attorney that the instrument has been prepared by an attorney or under an attorney's supervision or (2) a certification that the instrument was prepared by one of the parties named in the instrument. However, in recent times, these requirements have become unnecessary and burdensome for mortgages and deeds of trust for residential property because the overwhelming majority of these instruments are prepared using secondary market uniform master forms that have been prepared by attorneys and are accepted nationwide and at the federal level. For commercial property, mortgages or deeds of trust are usually prepared by the lenders or their attorneys who may be admitted to the bar in other states and, at any rate, all parties are usually represented by counsel. Accordingly, ***Senate Bill 376/House Bill 595* (both passed)** limit the applicability of current recordation requirements to only a deed other than a mortgage, deed of trust, or an assignment or release of a mortgage or deed of trust. The bills also expressly state that a mortgage, deed of trust, or an assignment or release of a mortgage or deed of trust prepared by any attorney or one of the parties named in the instrument may be recorded without the required certification.

Ground Leases

Ground leases have been a form of property holding in Maryland since colonial times. A ground lease creates a leasehold estate in the grantee that is personal – not real – property. The grantor retains a reversion in the ground lease property and fee simple title to the land. Ground leases generally have a 99-year term and are renewable perpetually. Ground rent is paid to the grantor (the ground leaseholder) for the use of the property for the term of the lease in annual or semi-annual installments. Under a typical ground lease contract, the tenant agrees to pay all fees, taxes, and other costs associated with ownership of the property.

Ground Lease Registration Form – Optional Contact Information

House Bill 44 ***(passed)*** modernizes the required contents of the ground lease registration form maintained by the State Department of Assessments and Taxation by adding a section that provides the ground leaseholder the option to include the ground leaseholder's telephone number and email address. The bill also requires that the form used to report changes or corrections to a ground lease registration include a section that provides the ground leaseholder the option to include the ground leaseholder's telephone number and email address.

Liability for Past-due Ground Rent on Abandoned Property in Baltimore City

Senate Bill 487 ***(passed)*** alters current law regarding liability for ground rent on abandoned property in Baltimore City by prohibiting a ground leaseholder from bringing any suit, action, or proceeding against the current leasehold tenant to recover ground rent that was due from a former leasehold tenant before the date that the current leasehold tenant acquired title to a property subject to a residential ground lease, if the property is (1) owned or acquired by the current leasehold tenant by any means and (2) abandoned property as defined in the Public Local Laws of Baltimore City. The bill clarifies that, for any property subject to such a limitation (as well as an existing limitation related to distressed property as defined in the Public Local Laws of Baltimore City) on recovery of past-due ground rent, the ground leaseholder may request in writing that the current leasehold tenant acquire the reversionary interest under the ground lease for the established market value, as specified.

Estates and Trusts

Notice and Reporting Requirements for Trusts

The Maryland Trust Act requires certain notices and documents to be sent in a manner reasonably suitable under the circumstances and likely to result in receipt of the notice or document. ***Senate Bill 792***/***House Bill 754*** ***(both passed)*** alter the notice requirements under the Act for documents other than specified trust documents to exempt a notice by a person to himself or herself. The bills specifically exempt a trustee who is a qualified beneficiary of a trust for which the trustee is serving, from providing himself or herself an annual trustee's report or other information required to be furnished to qualified beneficiaries under the Act.

Representatives of Trust Beneficiaries

Under the Maryland Trust Act, individuals may be represented and bound by others with respect to trust matters in specified circumstances. ***Senate Bill 793***/***House Bill 753*** ***(both passed)*** authorize a settlor of a trust under the Maryland Trust Act to (1) designate one or more persons to serve as a representative or successor representative of a beneficiary of the trust; (2) designate one or more other persons who may in turn designate a representative or successor representative of a beneficiary of the trust; and (3) specify the order of priority among those persons. The bills prohibit, except in specified circumstances, a person designated under the bills from serving as a representative of a beneficiary of a trust if the person also serves as a trustee of the same trust. This prohibition may not be overridden by the terms of a trust.

Personal Representatives and Guardians – Incapacity

A court must appoint a guardian with respect to the estate of a person if the court determines that the person is unable to manage his property and affairs effectively because of physical or mental disability, disease, habitual drunkenness, addiction to drugs, imprisonment, compulsory hospitalization, confinement, detention by a foreign power, or disappearance and the person has or may be entitled to property or benefits which require proper management. ***House Bill 81*** ***(passed)*** alters the definition of "incapacity" as defined under the Maryland Trust Act and modifies the conditions under which a court must appoint a guardian of the property of a minor or a disabled person. Specifically, the bill repeals the condition of "confinement" as one of the circumstances in which a court must appoint a guardian of the property of a minor or disabled person and also repeals "confinement" as an element of the definition of incapacity under the Act. Although there are several possible meanings for the term "confinement," in this context, the term most likely refers to pregnancy and childbirth. Accordingly, under the bill, a court is not required to appoint a guardian of the property for a person who has been "confined."

Share of Intestate Estate – Surviving Spouse

Generally, any part of the net estate of a decedent not effectively disposed of by the will must be distributed to the heirs of the decedent in the order prescribed in State law. If there is no surviving minor child but there is surviving issue, or if there is no surviving issue but there is a surviving parent, the surviving spouse's share must be the first $15,000 plus one-half of the remaining estate. ***Senate Bill 73***/***House Bill 735*** ***(both passed)*** increase the initial share of a decedent's intestate estate that is inherited by a surviving spouse from $15,000 to $40,000.

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. Amid the numerous reports that are written and the 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). Chapter 36 of 2016 (also known as the Maryland Open Transportation Investment Decision Act) made significant changes to the transportation planning process in the State by establishing (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 required the Maryland Department of Transportation (MDOT) to develop a project-based scoring system using the goals and measures. Chapter 36 required MDOT to generally prioritize projects with higher scores for inclusion in the CTP over projects with lower scores.

The CTP is MDOT's six-year budget for the construction, development, and evaluation of transportation capital projects; the CTP is 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 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. Chapter 36 also required the CTP to include the manner in which each transportation project was evaluated and ranked, if applicable.

The MTP is a 20-year forecast of State transportation needs based on MDOT's anticipated financial resources during that 20-year period. It is revised every 5 years through an inclusive public participation process, and 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 and does not yet contain the transportation goals established by Chapter 36.

Senate Bill 307 ***(Ch. 30)*** alters the provisions of Chapter 36 to require MDOT to develop the project-based scoring system, as required by Chapter 36, but only as a model. The model must be developed by January 1, 2018, and must be used to rank major transportation projects being considered for inclusion in the CTP based on the State transportation goals; however, MDOT is not required to use the model to prioritize projects for inclusion in the CTP. The model and any ranking determined using the model must be made available to the public. The Act alters the State transportation goals established by Chapter 36 by removing "quality of service" and including "reducing congestion and improving commute times." Additionally, the Act establishes the Workgroup on the Maryland Open Transportation Investment Decision Act. The workgroup is staffed by the Department of Legislative Services, with technical assistance provided by MDOT, and it is generally responsible for evaluating the model developed by MDOT and the prioritization processes used by other states.

Woodrow Wilson Bridge and Tunnel Compact

The Woodrow Wilson Bridge and Tunnel Compact was established in 1995 between Maryland, Virginia, and Washington, DC, to create an independent authority to fund, build, maintain, and administer a new Woodrow Wilson Bridge among the three jurisdictions. The authority was never active because federal funding was used to construct the replacement bridge instead; construction of the bridge primarily took place between 2000 and 2009. The compact is obsolete because the replacement bridge has been completed, and the compact does not address any other current transportation need. ***Senate Bill 125***/***House Bill 82*** ***(both passed)*** repeal the compact.

Washington Metropolitan Area Transit Authority – Safety Commission

The Washington Metropolitan Area Transit Authority (WMATA) was established in 1967 through an interstate compact among Maryland, Virginia, and the District of Columbia. The original purpose was construction and operation of a rapid rail transit system for the Washington metropolitan area. After the fatal Metrorail crash on the Red Line between Takoma and Fort Totten stations, the July 6, 2012 enactment of the Moving Ahead for Progress in the 21st Century Act (MAP-21) included provisions granting the Federal Transit Administration (FTA) new regulatory and enforcement responsibilities governing the federal State Safety Oversight (SSO) Program. MAP-21 and the SSO Program require states (or, in the case of the WMATA Compact, the State of Maryland, the Commonwealth of Virginia, and the District of Columbia) to:

- designate an SSO agency (SSOA) that is a legal entity of the state and financially and legally independent from the rail system it oversees;

- obtain authority for the designated SSOA to oversee and enforce safety for each rail system in its jurisdiction;

- ensure the designated SSOA carries out an effective safety regulatory program; and

- ensure that the designated SSOA is staffed with qualified personnel.

After the enactment of MAP-21, FTA determined that the SSOA currently covering WMATA (the Tri-State Oversight Commission (TOC)) was not in compliance with MAP-21's requirements because TOC has no regulatory or enforcement authority over WMATA. The three WMATA jurisdictions were given a February 9, 2017 deadline to establish an SSOA that meets MAP-21's requirements. On February 10, 2017, FTA notified the jurisdictions that, effective immediately, it is withholding 5% of federal fiscal 2017 transit formula funds until the SSO Program is certified for WMATA rail operations. The District of Columbia and Virginia both passed their safety commission legislation in February 2017.

House Bill 119 ***(Ch. 3)*** establishes the Washington Metrorail Safety Commission (MSC) with safety oversight authority over WMATA as a compact with Virginia and the District of Columbia. Under the compact, two members from each signatory jurisdiction make up the MSC Board of Directors. The Act also enumerates the safety oversight powers, general powers, funding mechanisms, and other general provisions for MSC.

Senate Bill 265*/*House Bill 285 ***(both passed)*** establish the selection process for Maryland's two members of the MSC Board of Directors. They must be appointed by the Governor with the advice and consent of the Senate. One of the regular members must be a resident of Montgomery or Prince George's counties, and that member may not be succeeded in office by an individual who is a resident of the same county.

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 per gallon, the State began sharing these taxes with local governments. In 1968, the General Assembly approved legislation that established a formula for apportioning the county and municipal shares of highway user revenues. The legislation 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 municipalities those revenues credited to the Gasoline and Motor Vehicle Revenue Account in the TTF, more commonly referred to as "highway user revenues (HURs)." Currently, the revenues dedicated to the account include all or some portion of the motor vehicle fuel tax, vehicle titling tax, vehicle registration fees, short-term vehicle rental tax, and State corporate income tax. These revenues 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 2018 budget includes an additional $38.4 million for transportation grants to be distributed as follows: $5.5 million for Baltimore City; $12.8 million for counties; and $20.1 million for municipalities. The grants must be allocated to local governments using the same distribution system as for HURs. As shown in **Exhibit G-1**, the grants increased by $13.4 million from fiscal 2017.

Exhibit G-1
Capital Transportation Grants to Local Governments
Fiscal 2017 and 2018

	Fiscal 2017	Fiscal 2018	Change
Baltimore City	$2,000,000	$5,484,423	$3,484,423
Counties	4,000,000	12,796,987	8,796,987
Municipalities	19,000,000	20,109,551	1,109,551
Total Grants	**$25,000,000**	**$38,390,961**	**$13,390,961**

Source: Department of Legislative Services

Several bills related to HURs were introduced during the 2017 session, including ***House Bill 552*** ***(failed)*** and ***Senate Bill 564***/***House Bill 942*** ***(both failed)***, which would have altered the distribution of HURs to provide a greater share of the total revenue to local governments, ***Senate Bill 161*** ***(failed)***, which would have altered the distribution of HURs following years where actual TTF revenues exceeded projected revenues, and ***Senate Bill 563***/***House Bill 946*** ***(both failed)***, which would have required minimum distributions to be made to municipal governments and Baltimore City. Additionally, ***Senate Bill 586***/***House Bill 1322*** ***(both failed)*** would have altered the distribution of HURs to provide a greater share of the total revenue to local governments, authorized the Office of Legislative Audits to audit local governments to ensure HURs are used for an authorized purpose, and required the Department of Budget and Management to complete a local infrastructure study and report.

Maryland Transit Administration

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.

Farebox Recovery

***Senate Bill 484*/*House Bill 271* (Chs. 16 and 24)** repeal the requirement that MTA recover at least 35% of its total operating costs from fares and other operating revenues derived from its bus, light rail, and metro subway services in the Baltimore region, as well as other railroad services under its control. This requirement is known as the farebox recovery ratio. As shown in **Exhibit G-2**, MTA's MARC train service is the only transit service that consistently met the 35% farebox recovery ratio between fiscal 2012 and 2016.

Exhibit G-2
MTA's Farebox Recovery Ratio by Transit Type
Fiscal 2012-2016

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Core Bus & Contract Bus	29%	30%	28%	28%	29%
Metro	28%	26%	24%	21%	23%
Light Rail	16%	16%	16%	16%	18%
Baltimore Area Services*	27%	27%	28%	25%	26%
Washington Contract Bus	28%	25%	33%	30%	34%
MARC	56%	55%	50%	44%	44%

MTA: Maryland Transit Administration
MARC: Maryland Area Regional Commuter

*Baltimore Area Services does not include mobility paratransit.
Source: Department of Budget and Management: Managing for Results Statistics

Free Ridership for Baltimore City Students

In accordance with FTA requirements, MTA currently provides free transit services for Baltimore County Public School (BCPS) students through a contract with the Baltimore City Board of School Commissioners. Students participating in the ridership program are issued nontransferable monthly passes, which allow the use of MTA buses, metro, and light rail systems at no cost, from 5 a.m. through 6 p.m. on school days. MTA is reimbursed quarterly by BCPS based on how often students use the service. For fiscal 2017, BCPS is anticipated to pay approximately $6.0 million for the services.

The Budget Reconciliation and Financing Act of 2017, ***House Bill 152*** ***(Ch. 23)***, requires MTA to allow BCPS students to ride MTA transit vehicles at no charge for school-related or educational extracurricular activities during the 2017-2018 school year (which falls within fiscal 2018). MTA is authorized to charge Baltimore City no more than $5.5 million for the costs associated with students riding transit vehicles in that year, and Baltimore City is authorized to use highway user revenues to pay these costs.

Senate Bill 1149 ***(passed)*** requires MTA to provide ridership on transit vehicles (similar to the current service) for eligible BCPS students from fiscal 2019 through 2021; MTA may not collect any fees or reimbursement for providing the services. In addition, the service must be provided between 5 a.m. and 8 p.m., and MTA must work with BCPS to adopt regulations that establish the eligibility criteria for students to use the services.

Light Rail and Metro Safety Commission

As discussed above in "Washington Metropolitan Area Transit Authority – Safety Commission," MAP-21 requires states to designate an SSOA that is a legal entity of the state and financially and legally independent from the rail system in the jurisdiction. FTA determined that the SSOA covering MTA was not in compliance with MAP-21 because it does not have explicit statutory authority. ***House Bill 149*** ***(Ch. 112)*** designates the Office of the Secretary of Transportation as the SSOA for MTA's light rail transit system and metro subway in accordance with federal law.

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.

Decorative Treatment of Traffic Control Devices

On every highway under its jurisdiction, SHA is required to install and maintain the traffic control devices that it considers necessary to carry out the provisions of the Maryland Vehicle Law or to regulate, warn, or guide traffic. Each device installed must conform to SHA's manual and specifications. ***House Bill 1334*** ***(passed)*** requires SHA to establish a policy that allows for the installation of decorative treatments on traffic control devices that have been marred by graffiti or vandalism. SHA must also adopt viewpoint and content neutral regulations that provide the minimum requirements for decorative treatments.

Dedication of Bridges and Highways

The Maryland Transportation Commission must consider and recommend any request for the dedication of transportation facilities in memory or honor of individuals or groups of significance to the State. Upon receiving direction, either from the Secretary of Transportation or as the result of enacted legislation, SHA or the Maryland Transportation Authority (MDTA) is required to dedicate a facility.

Senate Bill 328 ***(passed)*** requires SHA to dedicate the portion of Maryland Route 695A (Broening Highway) that is located between the Baltimore City-Baltimore County line and the intersection of Maryland Route 695A with Maryland Avenue and Avon Beach Road as Henrietta Lacks Way. Henrietta Lacks was an African American woman who died at age 31 on October 4, 1951, from cervical cancer. She was diagnosed at Johns Hopkins Hospital in Baltimore, where her tumorous cells were harvested for research purposes without her knowledge. The cells continued to live outside of her body and reproduced rapidly. Using the first two letters of each of her names, the cells became known as HeLa cells, and they were the first immortal human cell line in history. Since their discovery, HeLa cells have been used to research cancer, HIV/AIDS, and numerous other diseases and disorders. Although the harvesting of the cells has raised legal and moral issues about patient consent, the National Institutes of Health recently entered into an agreement with the Lacks family that allows the continued use of HeLa cells for research purposes, subject to some control by the family.

Senate Bill 1157*/*House Bill 951 ***(both passed)*** require SHA to dedicate the bridge located at the intersection of Maryland Route 22 and Interstate Highway 95 as the Alfred B. Hilton Memorial Bridge. Sergeant Alfred B. Hilton was an African American and Harford County resident who fought in the U.S. Civil War. He was fatally wounded in the Battle of Chaffin's Farm and posthumously awarded the Medal of Honor for his actions in the battle.

Maryland Transportation Authority – Third Generation Tolling System

Since 1971, 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 is currently in the process of procuring its third generation tolling system, which will make it possible for MDTA to implement all-electronic tolling across the State in future years. ***House Bill 290*** ***(passed)*** requires MDTA to report to the Governor and the General Assembly each year concerning the procurement and implementation of the third generation tolling system. The report must include information about, among other things, all-electronic tolling, the contract selected to implement the system, and MDTA's efforts to improve customer service and tolling operations.

Motor Vehicles

Licensing and Registration

The Maryland Energy Administration (MEA) has funded electric vehicle charging stations primarily through the Electric Vehicle Recharging Equipment Rebate Program, the Electric Vehicle Infrastructure Program, and the Alternative Fuel Infrastructure Program. From fiscal 2015 through September 30, 2016, MEA issued rebates to 750 charging stations through the rebate program. According to the U.S. Department of Energy, as of January 2017, Maryland had 1,085 public electric vehicle charging outlets and ranked ninth in the United States. MEA awarded the annual maximum amount of authorized rebates ($600,000) in each fiscal 2016 and 2017.

According to the Motor Vehicle Administration (MVA), from fiscal 2015 through December 2016, a total of 4,092 new plug-in electric vehicles have been titled in Maryland. The maximum amount of authorized credits ($1.8 million) has been claimed in each year. As of September 2016, MVA had awarded the maximum amount of credits authorized for fiscal 2017.

Senate Bill 393/***House Bill 406*** ***(both passed)*** extend through fiscal 2020 the termination dates of the qualified plug-in electric drive vehicle excise tax credit and the Electric Vehicle Recharging Equipment Rebate Program. With respect to the qualified plug-in electric drive vehicle excise tax credit, the bills also (1) increase to $3 million the annual maximum amount of incentives available in fiscal 2018, 2019, and 2020; (2) reduce the maximum credit to $100 times the number of kilowatt-hours (kwH) battery capacity of the vehicle, subject to a maximum credit of $3,000; and (3) specify that a qualifying vehicle must have a total purchase price of $60,000 or less and have a battery capacity of at least 5.0 kwH-hours. With respect to the Electric Vehicle Recharging Equipment Program, the bills (1) increase to $1.2 million the annual maximum amount of the rebates available in fiscal 2018, 2019, and 2020 and (2) alter the calculation and reduce the maximum values of the rebates.

House Bill 492 ***(passed)*** authorizes the sole owner of a motor vehicle to designate a beneficiary to assume ownership of the motor vehicle on the death of the owner outside of estate administration. The owner of a motor vehicle may designate a beneficiary by applying to MVA for an updated certificate of title that includes a designation signifying that ownership of the motor vehicle is to transfer on the death of the owner. MVA is required to allow the designation of a beneficiary on an application for a certificate of title. On the death of the owner, ownership of the motor vehicle passes to the beneficiary if the beneficiary survives the owner. If a designated beneficiary does not survive the owner, the motor vehicle is part of the deceased owner's estate.

Senate Bill 799/***House Bill 844*** ***(both passed)*** repeal the term of imprisonment, reduce the maximum fine, and reduce the points assessed for a person convicted of driving a vehicle on a highway or specified property in the State while the person's driver's license or privilege to drive is suspended for (1) being 60 days or more out of compliance with making child support payments or (2) failure to attend a required driver improvement program. Under the bills, for those violations, three points are assessed against the person's license. In addition, the person is subject to a fine of up to $500, may not prepay the fine, and must appear in court.

House Bill 1017 ***(passed)*** alters the standards and procedures related to the expungement of public driving records by MVA so that certain records, which currently require an application for expungement, are expunged automatically. However, the bill prohibits MVA from expunging certain driving records, including (1) entries required for assessment of subsequent offender penalties and (2) entries related to a moving violation or an accident that resulted in the death of another person. The bill also removes the prohibition against MVA expunging driving records of persons who have charges pending for allegedly committing a moving violation or a criminal offense involving a motor vehicle. The bill further provides that only a license suspension related to driver safety may prevent expungement. Finally, the bill repeals provisions of law governing expungement of the MVA driver record database.

Senate Bill 45 ***(passed)*** requires the Criminal Justice Information System Central Repository within the Department of Public Safety and Correctional Services to provide MVA with a revised driving instructor criminal history statement if additional information is reported after the criminal history records check performed at the time of initial licensure or the most recent renewal.

House Bill 1071 ***(passed)*** requires the Governor's Office of Crime Control and Prevention to develop, and update as necessary, a uniform victim's representation notification form for a victim's representative to receive notification of a license suspension hearing as a result of a moving violation that contributed to a fatality. The Maryland Police Training and Standards Commission must distribute the form to each law enforcement agency in the State. During the investigation of a moving violation that results in a fatality, the investigating agency must provide the victim's representative with a copy of the notification form in conjunction with informing the representative of the right to file the form. If a victim's representative has timely filed a notification form and the violator has requested a hearing, MVA must notify (1) the victim's representative of any suspension hearing scheduled as a result of the moving violation and (2) the Office of Administrative Hearings that a victim's notification form has been filed.

House Bill 1120 ***(passed)*** establishes that provisions of State law governing performance standards for vehicle dealers apply to vehicle manufacturers notwithstanding other franchise or franchise-related agreements. The bill further establishes that an assigned market area or a performance standard, sales objective, or program for measuring dealership performance, including the dealer's right to a benefit or payment under any incentive or reimbursement program, must (1) be fair, reasonable, and equitable; (2) be based on accurate information; and (3) take into account the demographic characteristics and consumer preferences of the population in the dealer's assigned market area. The characteristics and preferences that must be considered include car and truck preferences of consumers in the area and geographic characteristics including natural boundaries, road conditions, and terrain that affect car and truck shopping patterns. A dealer that claims the assignment of a market area is unfair or unreasonable due to failure to consider specified characteristics and preferences may file a claim in court to determine whether the assignment is unfair or unreasonable.

House Bill 756 ***(passed)*** exempts a new motorcycle dealer (and any employed salesperson) from restrictions on the number of annual vehicle shows in which the dealer or salesperson may participate. The bill also allows used vehicles to be sold at motorcycle shows. Under the bill, a motorcycle dealer (or a licensed salesperson) may conduct all activities involved in a motorcycle sale (including executing a buyer's order, accepting a deposit of any amount, completing the sales contract, issuing temporary registration plates and a temporary registration certificate, and delivering the motorcycle). Finally, the bill modifies the vehicle show application requirement for all vehicle dealers by requiring a list of the names and business addresses of participating dealers to be submitted to MVA only to the extent that they are known.

House Bill 1150 ***(passed)*** alters the definition of "off-highway recreational vehicle" (OHRV) to include a "side-by-side utility vehicle," which is a motor-assisted or motor-driven vehicle that travels on four or more tires, is intended for use by one or more persons, and has specified features. In addition, the bill reduces the titling fee for OHRVs from $100 to $35.

Senate Bill 979 ***(passed)*** prohibits a person from driving or attempting to drive an all-terrain vehicle or a snowmobile on portions of a highway in the State where driving such vehicles is allowed unless the individual holds a driver's license or is expressly exempt from licensing requirements. The bill defines "all-terrain vehicle" as a motor vehicle that (1) is designed for off-highway use; (2) operates on at least three low-pressure tires; (3) has a seat or saddle designed to be straddled by the operator; (4) has handlebars for steering; (5) is intended by the manufacturer to be operated by a single operator; and (6) may be designed to carry one passenger. In addition, the term also includes a vehicle that is designed for off-highway use that (1) operates on four or more low-pressure tires; (2) has a bench or bucket-style seating; and (3) has a steering wheel for steering. The bill also alters the allowed uses for snowmobiles on local highways in Garrett County and authorizes those allowed uses for all-terrain vehicles. The bill authorizes a local authority in Garrett County to (1) allow a person to cross a highway on an all-terrain vehicle or a snowmobile at a right angle at a speed of up to 25 miles per hour; (2) allow a person to operate an all-terrain vehicle or a snowmobile on up to two miles of highway at a speed of up to 25 miles per hour; and (3) designate a certain portion of highways on which all-terrain vehicles and snowmobiles may travel at a speed of up to 25 miles per hour for the sole purpose of gaining access to specified trails, fields, or other areas where operation of such vehicles is authorized.

Senate Bill 299/House Bill 176 ***(both passed)*** authorize a person to operate a golf cart equipped with approved lighting in the community of Golden Beach Patuxent Knolls in St. Mary's County between dawn and dusk on a county highway on which the maximum posted speed limit does not exceed 35 miles per hour. The St. Mary's County Department of Public Works and Transportation may designate the county highways on which a person may operate a golf cart. The golf cart must be kept as far to the right of the roadway as feasible, and the driver must have a valid driver's license. A golf cart operating under the bills' authorization is exempt from the general requirement that each motor vehicle driven on a highway in the State be registered.

Rules of the Road

Passing to the Right

The Maryland Vehicle Law authorizes a driver of a vehicle to overtake and pass to the right of another vehicle only under specified circumstances; however, a driver of a motor vehicle is prohibited from overtaking and passing another to the right by driving off the roadway. ***House Bill 1456*** ***(passed)*** authorizes a driver of a vehicle to overtake and pass to the right of another vehicle by driving outside of the marked lane onto the shoulder if (1) the vehicle being passed is making or about to make a left turn; and (2) the passing driver can pass on the shoulder without leaving the paved road surface.

Bicycle Safety

Senate Bill 142**/*****House Bill 192*** ***(both passed)*** establish the Task Force to Study Bicycle Safety on Maryland Highways to (1) review the adequacy of the current and future capacity and use of bike lanes, bike paths, and protected cycle tracks; (2) examine the role of traffic control devices in bicycle safety; (3) assess bicycle safety public education and outreach efforts; (4) investigate potential funding sources to support and encourage the safe operation of bicycles in the State; and (5) generally study safety issues related to bicycle operators and vehicles on highways in the State. The task force must report its findings and recommendations to the Governor and General Assembly by December 31, 2017.

School Bus Camera Violations

According to a one-day survey of bus drivers conducted by the Maryland State Department of Education in April 2016, there were 4,326 incidents involving vehicles passing a stopped school bus with its flashing red lights illuminated, a significant increase over the 2,795 incidents found in the previous year's survey. ***House Bill 263*** ***(passed)*** repeals the exemption of a motor vehicle rental company, as the owner of a vehicle, from enforcement of violations recorded by school bus monitoring cameras. A rental company is subject to fines for violations recorded by school bus monitoring cameras unless, within 45 days after receiving notice of a violation, the rental company provides the agency with (1) a statement under oath of the name and last known address of the individual driving or renting the vehicle when the violation occurred or (2) a statement under oath that the vehicle was stolen at the time of the violation and a copy of the police report.

Right-of-way for Bicycles in Crosswalks and on Sidewalks

Senate Bill 925**/*****House Bill 997*** ***(both passed)*** extend the same right-of-way privileges granted to pedestrians to a person that lawfully rides a bicycle, play vehicle, or unicycle on a sidewalk or sidewalk area or in or through a crosswalk. A person riding a bicycle, play vehicle, or unicycle must obey all traffic lights with a steady indication and all pedestrian control signals. However, the bills exempt these riders from the existing requirement for pedestrians to (1) walk on a sidewalk and not on an adjacent roadway whenever a sidewalk is available and (2) to walk on the left shoulder or left side of the roadway facing oncoming traffic, when no sidewalk is available.

Tow Trucks in HOV Lanes

House Bill 889 ***(passed)*** authorizes a properly registered tow truck to be driven in a high occupancy vehicle (HOV) lane while responding to a call for service, regardless of the number of passengers in the vehicle. The tow truck must be using the required visual signals (yellow or amber lights or signal devices) and be authorized by an appropriate law enforcement agency to use HOV lanes.

Vehicle Equipment

Vehicle Emissions

"Coal rolling," is the practice of deliberately emitting soot from the modified exhaust pipes of a diesel-powered truck. Exhaust from coal rolling can be directed at other motor vehicles, bicycles, and pedestrians. Several state legislatures have introduced legislation in recent years to address the issue and in 2015 New Jersey became the first state to ban coal rolling. ***House Bill 11*** ***(passed)*** prohibits a person from knowingly or intentionally causing a diesel-powered motor vehicle to discharge clearly visible smoke, soot, or other exhaust emissions onto another person or motor vehicle. The prohibition does not apply to a person operating (1) a diesel-powered vehicle that discharges visible exhaust as the result of normal acceleration or towing; (2) a commercial vehicle with a gross weight of 10,000 pounds or more; or (3) a construction vehicle operating at a construction site.

Windshield View Obstructions

Senate Bill 12**/*****House Bill 1335*** ***(both passed)*** make the prohibition against driving on the highway with an obstructed windshield view subject only to secondary enforcement if a violation is caused by an object, material, or obstruction that is hanging from the vehicle's rearview mirror and interferes with the clear view of the driver through the windshield. Under secondary enforcement, a police officer may not issue a citation to a driver for violating a provision unless the police officer has first detained the driver for another suspected violation of State law.

Use of Fog Lights When Operating Windshield Wipers

The Maryland Vehicle Law requires a driver to light the vehicle's headlamps or fog lights when driving a vehicle on a highway and operating the vehicle's windshield wipers for a continuous period due to weather conditions that impair visibility. ***Senate Bill 86*****/*****House Bill 494*** ***(both passed)*** repeal the option for a driver to use fog lights instead of headlamps in these circumstances.

Operation of Motorcycles – Handlebar Height

Senate Bill 668 ***(passed)*** increases the maximum height that the handlebars of a motorcycle may be above the motorcycle operator's seat, from 15 to 20 inches.

Waste and Recycling Collection Vehicles

Maryland Vehicle Law authorizes flashing lights for emergency vehicles, service vehicles, school vehicles, and other specified vehicles. ***Senate Bill 707*/*House Bill 952* (both passed)** authorize a waste or recycling collection vehicle to be equipped with or display yellow or amber lights or signal devices in the course of official duties, to indicate to the public that the vehicle is slow moving or may impede traffic.

Seasonal Exceptional Milk Hauling Permit

Chapter 450 of 2014 established two separate exceptional hauling permits for the transport of raw milk (and removed the general authorization to haul milk under an exceptional farm hauling permit). The seasonal permit (for transport from March 1 until June 30) required a weight limit of 88,000 pounds, a combination of vehicles with at least five axles, and at least 28 feet between the last axle on the tractor and the first axle on the semitrailer. That permit was only available in 2015 and 2016 (the authorization for that permit terminated September 30, 2016). A permanent authorization was established for year round hauling, but only for a combination of vehicles with at least six axles and a front-to-rear centerline axle spacing of at least 50 feet; that weight limit is 95,000 pounds.

***Senate Bill 558*/*House Bill 1035* (Chs. 76 and 77)** authorize the State Highway Administration (SHA) to issue a seasonal exceptional milk hauling permit from March 1 until June 30 each year for a combination of vehicles with five axles, at least 28 feet between the last axle on the tractor and the first axle on the semitrailer, and 88,000 pounds gross combination weight. Thus, the Acts reestablish and make permanent the authorization for the seasonal permit.

Gross Weight and Axle Load Exceptional Hauling Permit for Live Poultry

***Senate Bill 917* (passed)** authorizes SHA to issue an exceptional hauling permit for a combination of vehicles that carries live poultry from a farm to a processing facility between November 1 and April 30 each year in Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties. The bill applies to vehicles that (1) have an axle configuration of not less than five axles; (2) have a trailer or semitrailer axle spacing of at least 96 inches between axles, or have an axle configuration of not less than six axles; and (3) submit to a motor carrier safety inspection.

For a combination of vehicles carrying live poultry under the exceptional hauling permit, the bill (1) sets the maximum gross combination weight at 88,000 pounds; and (2) requires a holder to submit to and pass a North American Standard Driver/Vehicle Level 1 inspection or a North American Standard Vehicle Level 5 inspection twice each year. Operators under the exceptional hauling permit must retain in their possession at all times a copy of the appropriate inspection report issued within the preceding 180 days that shows no out-of-service violations.

Poultry processing plants in the affected counties must submit to SHA before October 1 of each year a complete list of registered combinations of vehicles used for carrying live poultry under the exceptional hauling permit that includes the following information for each vehicle:

(1) vehicle identification number; (2) number of axles; (3) most recent date of the North American standard inspection required under the hauling permit; and (4) current mileage.

The bill creates a goal of incrementally establishing a requirement that, by October 31, 2022, 75% of vehicles operating under an exceptional poultry hauling permit have a six-axle configuration. SHA must use the industry vehicle information submitted to determine the progress made toward meeting the goals established by the bill and submit a progress report to the General Assembly on or before December 31 of each year. SHA must also notify the Department of Legislative Services (DLS) within five days after determining that 45% of the poultry processing industry's vehicle combinations for carrying live poultry have at least six axles. If DLS does not receive this notice on or before October 31, 2020, the bill immediately terminates. Otherwise the bill terminates October 31, 2022.

Miscellaneous

House Bill 603 ***(passed)*** alters the definition of "required security," as it applies to insurance requirements under the Maryland Vehicle Law, to mean, for a vehicle registered in another jurisdiction, security in the form and providing for the minimum benefits required by the laws of that jurisdiction. Among other things, the change expressly applies to out-of-state drivers (1) a prohibition against driving a vehicle or knowingly allowing a vehicle to be driven without the required security; (2) a prohibition against providing false evidence of required security; and (3) existing criminal penalties for these violations.

Senate Bill 34 ***(passed)*** establishes that any vehicle leased by the State or any political subdivision of the State is exempt from the excise tax. The bill also prohibits MVA from issuing, reinstating, or renewing a vehicle registration for a vehicle lessee who has an unpaid uninsured motorist penalty. Finally, the bill exempts a leased vehicle transferred to the lessee at the end of a lease term from the requirement to obtain a used vehicle safety inspection.

Senate Bill 341/***House Bill 23*** ***(both passed)*** expand the definition of a "school vehicle" to include a vehicle that (1) was originally titled in another state and used to transport children, students, or teachers for educational purposes or in connection with a school activity in that state; (2) complies with federal regulations for transporting children enrolled in the federally funded Head Start program adopted by the U.S. Department of Health and Human Services; and (3) is used only for transporting children to and from a Head Start program. As a result, these vehicles may implement safety practices reserved for school buses, including: (1) using alternately flashing amber and red lights when receiving and discharging passengers; (2) retaining the color of school bus yellow; and (3) using designated loading zones for receiving and discharging passengers.

Part H
Business and Economic Issues

Business Occupations

Electronic Notification

Senate Bill 6/House Bill 138 ***(both passed)*** authorize – but do not require – specified boards, commissions, and other regulatory entities within the Department of Labor, Licensing, and Regulation (DLLR); the Department of State Police (DSP); and the Department of Public Safety and Correctional Services (DPSCS) to send specified credential-related notices electronically instead of by regular mail. Before any regulatory entity specified in the bill may electronically transmit a communication, it must notify the recipient by mail of the pending change from physical to electronic mail and request confirmation of the recipient's email address. If the recipient does not respond within 30 days, the regulatory entity may assume that the email address is current and valid and continue with electronic transmission authorized under the bill. However, for the regulatory entities in DLLR, if an electronic communication is returned as undeliverable, the materials must be mailed to the last known address of the affected individual within 10 business days of receiving the undeliverable notice.

The following boards, commissions, and other regulatory entities authorized to send specified electronic notices are listed in the order that they appear in the bill.

- Public Accountancy
- Architects
- Barbers
- Cosmetologists
- Electricians
- Stationary Engineers

- Foresters
- Certified Interior Designers
- Landscape Architects
- Pilots
- Plumbers
- Private Detectives (DSP)
- Professional Engineers
- Professional Land Surveyors
- Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors
- Real Estate
- Security System Technicians (DSP)
- Security Guards (DSP)
- Private Home Detention Monitors (DPSCS)
- Individual Tax Preparers
- Cemeteries
- Home Improvement
- Heating, Ventilation, Air-conditioning, and Refrigeration Contractors
- Secondhand Precious Metal Object Dealers and Pawnbrokers
- Locksmiths
- Elevator Safety

Except where otherwise noted, the regulatory entities are within DLLR. The authorized electronic notices generally relate to the issuance or renewal of a license, certificate, or other type of professional credential.

Attorneys

Generally, before an individual may practice law in the State, the individual must be admitted to the Maryland Bar and meet any requirement that the Court of Appeals may set by rule. One exception authorizes an individual who is employed by a corporation and is admitted to the bar of any other state to provide legal advice to the corporation. ***Senate Bill 794*/*House Bill 236* (both passed)** expand the exception to include any type of employer (not just corporations) and that employer's affiliates. Another exception authorizes specified representatives of business entities or their designees to appear on behalf of the entity in specified small claims actions in the District Court of Maryland. ***Senate Bill 500* (passed)** expands this exception to authorize representatives of business entities or their designees to appear on behalf of the entity in an appeal from the District Court of Maryland.

Barbers and Cosmetologists

Funding Source for Boards

Effective July 1, 2018, ***House Bill 250* (passed)** establishes the State Barbers and Cosmetologists Boards' Fund as a special, nonlapsing fund, which consists of fees collected from the State Board of Barbers and the State Board of Cosmetologists in DLLR.

The fund must be used to cover the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of the two boards. The fees charged must be set so as to produce funds approximate to the cost of maintaining the boards. At the end of each fiscal year, any unspent and unencumbered portion of the special fund in excess of $100,000 reverts to the General Fund. Although license revenue accrues to the special fund, investment earnings and penalty revenue continue to accrue to the General Fund.

The bill repeals license fees set in statute and authorizes each board to establish fees by regulation instead; however, statutory fees remain in effect until regulatory fees are adopted and effective. Each board must set fees based on its direct and indirect costs, as determined by the Secretary of Labor, Licensing, and Regulation. Provided that the boards consent, the Secretary may average the direct and indirect costs of one or more boards in order to establish fees that more equitably distribute the costs associated with the operation of each board. Except for examination fees, each fee established by the boards may not be increased by more than 12.5% of the existing and corresponding fee. Each board must publish a schedule of the fees it sets by regulation.

Continuing Education Requirement for State Board of Cosmetologists Licensees

The State Board of Cosmetologists issues two full-service licenses (cosmetologist and senior cosmetologist) and four limited licenses (hairstylist, blow-drying, nail technician, and esthetician). A cosmetologist or senior cosmetologist license authorizes the licensee to provide hair, nail, and esthetic services. The other licenses authorize the licensee to provide just that service. The board also registers apprentices. Licenses must be renewed every two years.

House Bill 1600 ***(passed)*** requires, beginning October 1, 2018, that an individual renewing a license from the State Board of Cosmetologists complete at least six credit hours of continuing education approved by the board. The board must adopt regulations that set standards for the continuing education courses that, at a minimum, require two hours of training in health, safety, and welfare subjects and four hours of training in general elective courses.

Repeal of Criminal Penalty for Violation of Barbering Laws

A person may not practice, attempt to practice, or offer to practice barbering in the State unless licensed by the State Board of Barbers to do so. An identical prohibition applies to barber-stylist services. Limited exceptions exist for a student practicing barbering or barber-stylist services, a registered apprentice, or a person authorized by the board under special circumstances. Unlicensed practice and other violations of barbering laws in the State constitute a misdemeanor offense, which could result in a maximum penalty of a $100 fine or 30 days imprisonment or both. Additionally, a violation is subject to a civil penalty of up to $1,000 for all violations cited on a single day. ***House Bill 1261*** ***(passed)*** repeals the criminal penalty for violations of barbering laws.

Heating, Ventilation, Air-conditioning, and Refrigeration Contractors, Master Electricians, Stationary Engineers, and Plumbers

Effective July 1, 2018, ***House Bill 246*** ***(passed)*** establishes the State Occupational Mechanical Licensing Boards' Fund as a special, nonlapsing fund, which consists of fees collected from the four mechanical boards in DLLR: the State Board of Master Electricians; the State Board of Stationary Engineers; the State Board of Plumbing; and the State Board of Heating, Ventilation, Air-conditioning, and Refrigeration Contractors.

The fund must be used to cover the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of each of the mechanical boards. The fees charged must be set so as to produce funds approximate to the cost of maintaining the boards. At the end of each fiscal year, any unspent and unencumbered portion of the special fund in excess of $100,000 reverts to the General Fund. Although license revenue accrues to the special fund, investment earnings and penalty revenue, where applicable, continue to accrue to the General Fund.

The bill repeals license fees set in statute and authorizes each mechanical board to establish fees by regulation instead; however, statutory fees remain in effect until regulatory fees are adopted and effective. Each board must set fees based on its direct and indirect costs, as determined by the Secretary of Labor, Licensing, and Regulation. Provided that the boards consent, the Secretary may average the direct and indirect costs of one or more boards in order to establish fees that more equitably distribute the costs associated with the operation of each board. Except for examination fees, each fee established by the boards may not be increased by more than 12.5% of the existing and corresponding fee. Each board must publish a schedule of the fees it sets by regulation.

Real Estate Appraisers

Generally, an individual must be licensed by the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors before providing real estate appraisal services in the State. Likewise, an individual must be certified by the commission before providing certified real estate appraisal services in the State. ***House Bill 140*** ***(passed)*** clarifies an existing requirement that an applicant for initial licensure or initial certification as a real estate appraiser must have completed 2,000 hours of real estate appraiser services as a trainee under the supervision of only a certified appraiser rather than either a licensed or certified appraiser.

Real Estate Brokers

An individual must be licensed by the State Real Estate Commission as a real estate broker before the individual may provide real estate brokerage services in the State. Similarly, an individual must be licensed by the commission as an associate real estate broker or a real estate salesperson before the individual, while acting on behalf of a real estate broker, may provide real estate brokerage services in the State. A licensee of the State Real Estate Commission has several duties and obligations, including acting in accordance with the terms of the brokerage agreement; promoting the interests of the client through specified means; disclosing to the client all material facts required by law; treating all parties to the transaction honestly and fairly and answering all questions truthfully; accounting in a timely manner for all trust money received; exercising reasonable care and diligence; and complying with all applicable federal, State, and local laws and regulations.

House Bill 760 ***(passed)*** expands the list of specified actions by a licensee of the State Real Estate Commission that do not breach any duty or obligation to the client. Under the bill, a licensee may discuss other properties with prospective buyers or lessees during an open house, if the licensee has the written consent of the seller or lessor to do so. Also, a licensee may show a lessee other available properties without breaching any duty or obligation.

Business Regulation

Adult Entertainment Establishments

Truck stops and privately owned bus stations are required to post a National Human Trafficking Resource Center hotline sign in each restroom. Business owners that do not post the required sign receive a notice and then are subject to a civil penalty of up to $1,000 if they do not comply within 24 hours of receiving the notice. Each restroom that does not have a sign constitutes a separate violation. ***Senate Bill 221*** ***(passed)*** adds adult entertainment establishments to the list of businesses required to post the hotline sign in each restroom and subjects them to the same enforcement and civil penalty.

Cemeteries

Senate Bill 50 ***(passed)*** specifies that the owner of a burial lot is responsible for the care of a memorial or monument placed on the burial lot. However, this responsibility and other specified provisions of law related to burial lots and crypts may not be construed to prohibit a party responsible for a cemetery from maintaining or repairing a damaged memorial or monument.

The Department of Labor, Licensing, and Regulation (DLLR) advises that the owner of a burial lot is responsible for the care of a memorial or monument unless the memorial or monument has sustained damage due to the cemetery's negligence. DLLR further advises that a cemetery will repair damage to memorials or monuments caused by its staff during routine maintenance activities. Therefore, the bill clarifies existing responsibilities for burial lot owners and cemeteries.

Collection Agencies

The State Collection Agency Licensing Board, located within the Office of the Commissioner of Financial Regulation in DLLR, licenses and regulates collection agencies that operate in the State. ***House Bill 182*** ***(passed)*** requires seven categories of licensees, including collection agencies, to register with the Nationwide Mortgage Licensing System and Registry (NMLS), obtain and maintain a valid unique identifier issued by NMLS, and transfer existing licensing information to NMLS on or after July 1, 2017. ***House Bill 182*** also changes the licensure term from biennial to annual and reduces license fees correspondingly. ***Senate Bill 924*** ***(passed)*** standardizes surety bond requirements (except for amounts) for specified financial services entities, including collection agencies.

For a more detailed discussion of ***House Bill 182*** and ***Senate Bill 924***, see the subpart "Financial Institutions" within Part I – Financial Institutions, Commercial Law, and Corporations of this *90 Day Report*.

Elevators

The Elevator Safety Review Board in DLLR was established by Chapter 703 of 2001 to license elevator contractors and elevator mechanics. Prior to this, although registration and inspection provisions governed the use of elevators, there were no specific statutory provisions governing the field of elevator installation and maintenance. The board currently licenses and regulates elevator mechanics, elevator renovator mechanics, elevator contractors, elevator renovator contractors, and accessibility lift mechanics, subject to specified exceptions.

Senate Bill 190/***House Bill 117*** ***(Chs. 57 and 58)*** extend the termination date for the Elevator Safety Review Board by 10 years to July 1, 2029, and require the Department of Legislative Services (DLS) to conduct a preliminary evaluation of the board by December 15, 2026. The board must also submit a follow-up report related to licensing activity and operating revenues to DLS, the Senate Finance Committee, and the House Economic Matters Committee by October 1, 2018.

Home Improvement Contractors

Effective July 1, 2018, ***House Bill 248*** ***(passed)*** establishes the Maryland Home Improvement Commission Special Fund as a special, nonlapsing fund, which consists of fees collected by the Maryland Home Improvement Commission (MHIC). The fund must be used to cover the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of MHIC. At the end of each fiscal year, any unspent and unencumbered portion of the special fund in excess of $100,000 reverts to the general fund. Although license revenue accrues to the special fund, investment earnings and penalty revenue continue to accrue to the general fund.

The bill repeals fees in statute and authorizes MHIC to establish fees by regulation instead; however, statutory fees remain in effect until regulatory fees are adopted and effective. MHIC must set fees based on the direct and indirect costs of the commission, as determined by the Secretary of Labor, Licensing, and Regulation. The fees charged must be set so as to produce funds approximate to the cost of maintaining MHIC. Except for examination fees, each fee established by MHIC may not be increased by more than 12.5% of the existing and corresponding fee. MHIC must publish a schedule of the fees it sets by regulation.

Innkeepers

Property owners who wish to offer all or a portion of their homes for temporary rental for a charge frequently utilize online hosting platforms that enable the property owner to list and describe the property being offered for rental and that allow tourists and other transients to arrange for the rental of the property and payment of the booking. Founded in 2008, Airbnb is an online booking platform for people to list, find, and rent limited residential lodging. The company's website features over three million listings in 65,000 cities and 191 countries.

There is no statewide law regarding limited residential lodging offered to the public through a hosting platform. At the local level, only a very small number of jurisdictions regulate similar types of short-term residential transactions, primarily through licensing, such as the cities of Annapolis, Easton, Bowie, and Ocean City. ***Senate Bill 463*** ***(failed)*** would have incorporated limited residential lodging into the existing regulatory framework for other lodging establishments, including licensure, taxation, building codes, and antidiscrimination provisions. Specific requirements would have been established for both an innkeeper offering limited residential lodging through a hosting platform and for a hosting platform operator facilitating reservations and collecting payments for the rental of a limited residential lodging.

Junk Dealers and Scrap Metal Processors

Junk dealers and scrap metal processors may not purchase specified items from an individual unless the individual, at the time of purchase, provides appropriate authorization from a relevant business or unit of government to conduct the transaction. Many cellular network towers are equipped with backup batteries that provide emergency power and allow cellular service to continue in the event of a power outage. Over the last several years, there have been several high-profile thefts of these batteries, which contain valuable metals. ***House Bill 198*** ***(Ch. 115)*** adds the purchase of used cell tower batteries to the list of items that may not be purchased without appropriate authorization.

Mold Remediation Service Providers

Chapter 537 of 2008 required companies or firms that provide mold remediation services to be licensed by MHIC in DLLR. Statute defines mold remediation, in part, as "the removal, cleaning, sanitizing, demolition, or other treatment of mold or mold-contaminated matter." Chapter 537 was never implemented because funding to do so was not provided to MHIC. All companies or firms providing mold remediation services were originally required to be licensed by June 1, 2010, which was later extended to July 1, 2013, as part of legislation implementing recommendations of the 2010 sunset evaluation of MHIC. In the absence of a licensing process, the extension allowed companies or firms to operate without violating the law. The July 1, 2013 deadline passed, yet no funding was provided to implement the mold remediation licensure program. As a result, firms currently providing mold remediation services are technically in violation of the statutory licensing requirement, although MHIC does not regulate the provision of these services.

***Senate Bill 183*/*House Bill 115* (Chs. 56 and 100)** extend the deadline by which a company or firm providing mold remediation services must be licensed by MHIC from July 1, 2013, to July 1, 2019. The termination date of the mold remediation licensure program is not extended and remains July 1, 2019. As the licensure requirement for mold remediation firms is scheduled to terminate, the requirement that DLS evaluate the program under the Maryland Program Evaluation Act is repealed.

Retail Pet Stores

***House Bill 781* (passed)** alters signage and recordkeeping requirements for a retail pet store to include specified information for dogs obtained from an animal control unit or an animal welfare organization. Both the signs on each dog's cage and the records must include the name and address of the animal control unit or animal welfare organization, if applicable, from which the dog was obtained. The bill also broadens an existing prohibition against a retail pet store buying a dog or cat from a breeder or dealer unless the retail pet store has ensured that the breeder or dealer has not received specified types of citations from the U.S. Department of Agriculture (USDA) under the federal Animal Welfare Act in the last two years. If a dog is obtained from a breeder or dealer, a retail pet store must post the applicable USDA final inspection reports from the previous two years on or near the dog's cage. The reports must be retained by the retail pet store for at least two years.

Regulation of Tobacco Products

Comptroller's Office Responsibilities

***House Bill 185* (passed)**, in part, prohibits a person who distributes tobacco products for commercial purposes from distributing a tobacco product, tobacco paraphernalia, or a coupon redeemable for a tobacco product to a minor. The bill also enhances various licensing-related responsibilities for the Comptroller's Office by requiring the Comptroller's Office to provide the Department of Health and Mental Hygiene's Prevention and Health Promotion Administration each year with the name and address of each licensed cigarette retailer. Additionally, on or before October 1 of each year, the Comptroller's Office must report to the General Assembly on specified information about violations by retailers and minors and the subsequent enforcement action taken against violators.

For a more detailed discussion of this issue, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

Electronic Nicotine Delivery Systems

House Bill 523 ***(passed)*** establishes a licensing and regulatory framework for the manufacture, wholesale distribution, and retail sale of electronic nicotine delivery systems (ENDS) (*i.e.*, e-cigarettes, other similar devices, and their components). "Electronic nicotine delivery system" means an electronic device, a component for an electronic device, or a product used to refill or resupply an electronic device that can be used to deliver nicotine to an individual inhaling from the device. It includes (1) an electronic cigarette, cigar, cigarillo, or pipe and (2) vaping liquid. It does not include (1) a nicotine device that contains or delivers nicotine intended for human consumption if the device has been approved by the U.S. Food and Drug Administration for sale as a tobacco cessation product and is being marketed and sold solely for that purpose; (2) cannabis oil or any other unlawful substance; or (3) an electronic device that is being used to deliver cannabis oil or another unlawful substance.

A person is prohibited from shipping, importing, or selling into or within the State any ENDS unless the person holds the license required under the bill. A person who holds specified licenses relating to cigarettes and other tobacco products and specified affiliates are authorized to manufacture, distribute, or sell ENDS in the same capacity as the person is licensed to do so with cigarettes or other tobacco products without obtaining an additional license.

An ENDS manufacturer license authorizes the licensee to (1) sell ENDS to specified wholesalers, retailers, vape shop vendors, and consumers; (2) if the ENDS manufacturer licensee also holds a license to act as an ENDS retailer or a vape shop vendor, transfer ENDS to inventory for sale under the other license; and (3) except where otherwise prohibited by local law or specified State law, distribute ENDS products to a licensed ENDS retailer or a vape shop vendor.

An ENDS retailer license authorizes the licensee to (1) sell ENDS to consumers but not to do so through the mail, a computer network, a telephonic network, or another electronic network; (2) buy ENDS from an ENDS wholesaler distributor or an ENDS wholesaler importer; (3) if the ENDS retailer also holds a license to act as an ENDS manufacturer, sell at retail ENDS manufactured under the manufacturer license; and (4) except where otherwise prohibited by local law or specified State law, distribute sample ENDS products to consumers in the State.

An ENDS wholesaler distributor license or wholesaler importer license authorizes the licensee to (1) sell ENDS to ENDS retailers; (2) buy ENDS directly from an ENDS manufacturer and an ENDS wholesaler distributor or wholesaler importer; (3) hold ENDS; (4) sell ENDS to another licensed wholesaler distributor or wholesaler importer; and (5) store ENDS at a licensed ENDS warehouse.

A vape shop vendor license authorizes the licensee to (1) sell ENDS as a vape shop vendor; (2) if the licensee also holds a license to act as an ENDS manufacturer, sell at retail ENDS manufactured under the manufacturer license; and (3) buy ENDS from an ENDS manufacturer.

Each licensee is required to pay a fee and submit an application for a one-year license. ENDS retailers and vape shop vendors must submit an application to the clerk of the circuit court for the county with appropriate jurisdiction. All other licensees must submit an application and pay a fee to the Comptroller. This structure is consistent with that for cigarettes and other tobacco products. Fees are shown in **Exhibit H-1**.

Exhibit H-1

Electronic Nicotine Delivery Systems Licenses Issued by the Clerks of the Court and Comptroller

License	Fee
Manufacturer	$25
Wholesaler Distributor	150
Wholesaler Importer	150
Retailer	25
Vape Shop Vendor	25

The Comptroller is responsible for enforcement of the bill. As such, the applications used by the clerks of the court must include the information the Comptroller requires. In addition, the clerks must forward a copy of each application received to the Comptroller within 30 days of issuance.

Unless otherwise specified in the bill, a person that violates any provision of the bill is guilty of a misdemeanor and on conviction is subject to a fine of up to $1,000 or up to 30 days imprisonment or both.

Public Service Companies

Renewable Energy Portfolio Standard

Maryland enacted the Renewable Energy Portfolio Standard (RPS) 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 (REC) 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, RPS 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.

During the 2016 session, the General Assembly passed Senate Bill 921 ***(Ch. 2)*** and House Bill 1106 ***(Ch. 1)***. The Acts increase the annual percentage requirements for meeting the RPS using Tier 1 Nonsolar and Tier 1 Solar sources from the former 20% by 2022 to be 25% by 2020. The Governor vetoed the bills, but the General Assembly overrode the vetoes during the 2017 session, and the bills became law in February 2017.

Generally, the Acts 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 of the Acts is (1) the cost of additional RECs and solar RECs required to meet the enhanced requirements plus (2) the cost of any ACPs paid by electricity suppliers if the enhanced requirements cannot physically be met. As shown in **Exhibit H-2**, the 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-2
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

ACP: alternative compliance payment
REC: renewable energy credit
SREC: solar renewable energy credit

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 purchases electricity as an electric customer. Under the assumption that REC prices are 50% of ACP in each year, State expenditures (all funds) increase minimally in fiscal 2017 but escalate to $2.2 million by fiscal 2021 and significantly thereafter due to higher electricity prices.

EmPower Maryland

In 2008, the General Assembly passed the EmPower Maryland Energy Efficiency Act, which set target reductions of 15% in per capita electricity consumption and peak demand, respectively, by 2015 from a 2007 baseline. By the end of 2015, the State's electric companies had achieved 99% of the electricity consumption goal and 100% of the peak demand goal. PSC extended the goals of the original program in July 2015. ***Senate Bill 184*** ***(Ch. 14)*** generally codifies the post-2015 energy savings goals and cost-effectiveness measurements established by PSC.

Under the Act, PSC must require each electric company to procure or provide cost-effective energy efficiency and conservation (EE&C) programs and services with specified projected and verifiable electricity savings for the duration of the 2018 to 2020 and the 2021 to 2023 EmPower Maryland program cycles. PSC need only do so to the extent that it determines that cost-effective EE&C programs and services are available. Each electric company must consult with MEA and submit its plan for achieving annual incremental gross energy savings to PSC by September 1, 2017, and every three years thereafter. By July 1, 2022, PSC must determine the advisability of maintaining the metrics established by the Act as the basis for designing cost-effective EE&C programs and services in subsequent program cycles that PSC must authorize beginning with the 2024 to 2026 program cycle.

Maryland Clean Energy Center Funding

The Maryland Clean Energy Center (MCEC) was established in 2008 as a body politic and corporate and an instrumentality of the State. MCEC operates several financing programs but has experienced difficulties in generating sufficient revenue to cover the costs of its operations. Absent an infusion of funds, MCEC would likely cease operations by mid-2017. A legislative task force was established in 2016 to look at this issue.

***Senate Bill 313*/*House Bill 410* (both passed)** establish the Maryland Energy Innovation Institute in the A. James Clark School of Engineering at the University of Maryland, College Park Campus. The bills establish the Maryland Energy Innovation Fund (MEIF) as a special fund in the University System of Maryland for use by the institute and MCEC for their administrative and operating costs. MCEC may also use the fund to provide certain types of financial assistance, such as a loan guarantee or equity investment financing. For fiscal 2018 through 2022, the bills transfer $1.5 million annually from the SEIF to the MEIF.

The bills alter the role of MCEC as a clearinghouse of energy information and materials. The bills require the MCEC governing board to establish a financing investment advisory committee. Previous loans made by MEA to MCEC totaling $1.25 million are converted into grants, and MCEC must establish a work plan to become self-sustaining within five years. For a more detailed discussion of ***Senate Bill 313*/*House Bill 410***, see the subpart "Economic Development" within this Part H – Business and Economic Issues of this *90 Day Report*.

Clean Energy Studies

The Power Plant Research Program (PPRP) was created in 1971 to conduct research on the impacts of existing and proposed power plants in each county. PPRP is required to undertake a continuing research program for electric power plant site evaluation and related environmental and land use considerations.

House Bill 1414 ***(passed)*** requires PPRP to conduct a comprehensive review of the history, implementation, overall costs and benefits, and effectiveness of RPS in relation to the energy policies of the State. In conducting the study and in collaboration with specified entities, aspects that PPRP must review include (1) the availability of all clean energy sources at reasonable and affordable rates, including in-state and out-of-state renewable energy options and (2) the effectiveness of RPS in encouraging development and deployment of renewable energy sources.

Several bills in recent years have attempted to incorporate energy storage technology into RPS; however, through the end of the 2017 session, as yet, there is no energy storage requirement in State law. ***House Bill 773*** ***(passed)*** requires PPRP to conduct a study of regulatory reforms and market incentives that may be necessary or beneficial to increase the use of energy storage devices in the State. In conducting the study and in collaboration with specified entities, PPRP must, among other tasks, (1) consider the types and viability of different energy storage technologies and cases for their use and (2) consider policies to provide incentives for deployment of energy storage systems that are connected to customers' facilities and of systems that are directly connected to transmission and distribution facilities.

Certificate of Public Convenience and Necessity

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. Among many other required considerations, PSC may take final action on a CPCN application only after due consideration of the recommendation of the governing body of each county or municipality in which any portion of the project is proposed to be located. ***House Bill 1350*** ***(passed)*** prohibits PSC from taking final action on a CPCN application for a generating station until after due consideration of (1) the consistency of the application with the comprehensive plan and zoning of each county or municipality where any portion of the generating station is proposed to be located and (2) the efforts to resolve any issues presented by a county or municipality where any portion of the generating station is proposed to be located. The bill also makes minor changes to the CPCN notification process.

Senate Bill 969 ***(passed)*** authorizes a person that has received a CPCN from PSC for the construction of an overhead transmission line to acquire any property or right necessary for the construction or maintenance of the transmission line, in accordance with eminent domain provisions in the Real Property Article.

Gas or Electric Service Termination

Residents without gas or electricity may engage in unsafe practices – such as burning candles for light and heat – that create the potential for fire or other hazards. This risk extends to others when the residents live in a multi-unit building. ***House Bill 261*** ***(passed)*** requires a public service company that intends to terminate gas or electric service to a customer in a multifamily dwelling unit because of nonpayment to notify the property owner or manager of the dwelling unit before terminating the service if the public service company has received the customer's consent to do so. A property owner or manager of a multifamily dwelling unit may require, as a term of a lease, that a customer of a public service company consent to the property owner or manager receiving that notice.

Electric Universal Service Program

The Electric Universal Service Program provides both bill payment and arrearage assistance to electric customers. The program is funded in part from a ratepayer surcharge; however, difficulties in setting a surcharge that collects exactly the correct amount of funds result in collections sometimes exceeding the authorized annual limit of $37 million.

***Senate Bill 966*/*House Bill 1002* (both passed)** require the Department of Human Resources to expend excess funds that were collected from fiscal 2010 through 2017, estimated to be $14.8 million as of April 2017, on bill assistance and arrearage retirements, targeted and enhanced low-income residential weatherization, and/or an arrearage management program for low-income customers. It is the intent of the General Assembly that these funds be expended beginning in fiscal 2019, because they were not included in the fiscal 2018 budget. Separately, any unexpended bill assistance and arrearage funds accumulated through the end of fiscal 2019 must be returned via a customer rate credit beginning no later than October 1, 2020. Going forward, if PSC determines that a rate credit for the amount to be returned in a given fiscal year is impractical, PSC may defer the return for up to two more fiscal years and combine the returned amount with the amounts to be returned in those years. The bills establish a joint legislative workgroup to monitor the disbursements.

Rate Case Changes

Several PSC rate cases have examined the issue of environmental remediation costs and how they relate to the requirement that the remediated property be "used and useful in providing [utility] service" in order for the costs to be included in base rates. ***Senate Bill 355* (passed)** generally authorizes PSC, when determining necessary and proper expenses while setting a just and reasonable rate for a gas company, to include all costs reasonably incurred by the gas company for performing environmental remediation of real property in response to a State or federal law, regulation, or order under specified conditions. PSC must balance the interests of a gas company with those of the gas company's customers when setting the recovery schedule for the environmental remediation costs incurred by the gas company.

PSC regulates the infrastructure, rates, management, and billing of 22 small water and water/sewage companies in the State with a combined 11,000 residential customers. ***Senate Bill 218*/*House Bill 511* (both passed)** authorize PSC technical staff to assist a small water company or a small sewage disposal company in establishing a proposed just and reasonable rate, subject to specified conditions. Water and sewage disposal companies are also incorporated into existing processes to determine a fair rate of return for certain relatively small public service companies.

Telecommunication and Broadband Services

Generally, senior call-check programs call an individual or receive a call from an individual each day at a predetermined time. If the individual does not answer, or does not call, the program notifies family, friends, and/or local agencies of that fact. A number of organizations in the State provide volunteer call-check services for senior citizens in their communities, and some counties have dedicated programs. Commercial call-check services are also available for a monthly fee in the range of $15 to $40.

House Bill 601 ***(passed)*** requires the Maryland Department of Aging to establish and administer the Senior Call-Check Service and Notification Program, subject to specified conditions. Eligible participants must be age 65 or older and residents of the State. The costs of the program are authorized to be paid from the Universal Service Trust Fund (USTF) at an amount that cannot exceed five cents per month for each landline and wireless telephone account that pays the USTF surcharge.

Under the federal Lifeline and Link Up programs, companies provide discounted products and services to eligible individuals and then seek reimbursement from the federal government. State law, as it relates to landline telephone service, incorporates aspects of these programs. Lifeline service provides customers with telephone (landline or wireless) access at reduced rates, whereas Link Up service reduces the costs of installing a new landline phone. In April 2016, the Federal Communications Commission significantly modernized Lifeline and Link Up services. ***Senate Bill 649***/***House Bill 999*** ***(both passed)*** generally conform the statute to federal requirements for Lifeline services provided through a landline. The bills also repeal obsolete provisions related to Link Up services for landline telephones, which are only available on tribal lands.

The difficulties inherent in expanding broadband and other high-speed communication service to rural areas – such as lower population density – have been well-documented. ***Senate Bill 717/House Bill 1169*** ***(both passed)*** establish the Task Force on Rural Internet, Broadband, Wireless, and Cellular Service. The task force must study and make recommendations regarding how Western Maryland counties; Southern Maryland counties; Eastern Shore counties; and Frederick, Carroll, and Harford counties can work together to obtain federal assistance to improve Internet, broadband, wireless, and cellular services and accessibility in those counties. The Department of Information Technology must provide staff for the task force. By November 30, 2017, the task force must report its findings and recommendations to the Governor and the General Assembly.

Insurance Other than Health Insurance

Maryland Insurance Administration

Sunset Evaluation

The Department of Legislative Services (DLS) conducted a preliminary evaluation of the Maryland Insurance Administration (MIA) under the Maryland Program Evaluation Act in 2016. DLS found that MIA is fulfilling its statutory duties to regulate the insurance industry and recommended that it be waived from further evaluation. Instead, DLS recommended that MIA submit two follow-up reports to DLS and specified legislative committees regarding (1) the status and effectiveness of premium tax collections using the online premium tax collection system that is currently being developed (due 18 months after the system is operational) and (2) the timeliness of property and casualty form filing review during fiscal 2017 (due on or before October 1, 2017).

Additionally, DLS recommended that MIA be removed from the list of governmental units subject to the sunset evaluation process because (1) the agency is subject to annual budget analyses that examine many of the same issues covered by sunset evaluation and (2) no other unit of State government that is comparable to MIA in size and scope of regulatory authority is subject to the Maryland Program Evaluation Act. ***Senate Bill 189***/***House Bill 116*** ***(Chs. 65 and 66)*** implement these recommendations.

Reporting Requirements

Senate Bill 289 ***(passed)*** repeals the requirement that the Maryland Insurance Commissioner submit (1) an annual report to the Governor and the General Assembly about the effect of competitive rating on the insurance markets in the State and (2) an annual report to the General Assembly about the use of territory as a factor in establishing private passenger automobile insurance rates by insurers and the Maryland Automobile Insurance Fund (MAIF). However, MIA must continue to collect (or review) and analyze data relating to (1) the competitiveness of the private passenger automobile insurance and homeowner's insurance markets in the State and (2) the use of territory as a factor in establishing private passenger automobile insurance rates. MIA must notify the Governor and the General Assembly if it finds any notable changes. On request, the information collected must be made available in accordance with applicable insurance laws and the Public Information Act.

Insurers

Risk Management

The Risk Management and Own Risk and Solvency Assessment (ORSA) Model Act was developed by the National Association of Insurance Commissioners (NAIC) in response to the 2008 financial crisis and formally adopted in 2011. It is intended to afford insurance regulators an enhanced view of an insurer's ability to withstand financial stress, including risks potentially posed to policyholders from other noninsurance entities within an insurance holding company system.

Adoption of ORSA is a NAIC accreditation requirement for MIA to continue as a qualifying examination agency on which other jurisdictions can rely.

Senate Bill 8 ***(Ch. 36)*** adopts ORSA effective January 1, 2018. Among other things, the Act requires insurers, nonprofit health service plans, health maintenance organizations, and dental plan organizations (collectively "carriers"), or the holding company of which the carrier is a member, to (1) maintain a risk management framework for identifying, assessing, monitoring, managing, and reporting its material and relevant risks; (2) complete an ORSA at least once each year and at any time there is a significant change to the carrier's or holding company's risk profile; and (3) submit an ORSA summary report to the Maryland Insurance Commissioner on request of the Commissioner but not more than once each year. The Act also sets the requirements for filing an ORSA summary report with the Commissioner. A carrier is exempt from the requirements of the Act under certain circumstances. However, the Commissioner may require an exempt carrier to comply with certain provisions of the Act under certain circumstances.

The Act also provides that ORSA-related information in possession or control of the Commissioner is confidential and privileged and is not subject to the Public Information Act, a subpoena, or discovery. The Act prohibits the Commissioner, except under certain circumstances, from otherwise making ORSA-related information public without the prior written consent of the carrier to which it pertains. A carrier that, without just cause, fails to timely file an ORSA summary report is subject to a penalty of $200 for each day the violation continues, up to a maximum of $25,000. The Commissioner may reduce the penalty if the carrier demonstrates to the Commissioner that imposition of the penalty would constitute a financial hardship to the carrier. The Commissioner may adopt regulations consistent with the Act.

Cancellation of Policies and Binders

Under Maryland law, a policy or binder of personal insurance, commercial property insurance, and commercial liability insurance is subject to a 45-day underwriting period beginning on the effective date of coverage. During the underwriting period, an insurer must comply with specific notice and other requirements to cancel the policy or binder. For cancellation of a policy of workers' compensation insurance or private passenger motor vehicle liability insurance after the 45-day underwriting period, other requirements apply and sometimes differ from those applicable during the underwriting period.

Senate Bill 32 ***(Ch. 39)*** amends the laws governing cancellations to clarify that the separate provisions for canceling a policy of workers' compensation or private passenger motor vehicle liability insurance do not apply during the 45-day underwriting period. The Act also adds a requirement to the law governing cancellations during the underwriting period that each workers' compensation insurer file a copy of the notice of cancellation sent during the underwriting period with the Workers' Compensation Commission.

Rate-making

A rating organization is an organization that develops rates and forms to be used by insurers who join the rating organization. The organization then files the rates and forms on behalf of each member insurer to fulfill the insurer's rate and form filing obligations. To act as a rating organization in the State, an entity must obtain a license from the Maryland Insurance Commissioner. ***Senate Bill 31*** ***(Ch. 38)*** authorizes the Commissioner to issue a rating organization license for title insurance. The Act also authorizes, but does not require, a title insurer to fulfill its rate filing obligation to the Commissioner by (1) being a member of or a subscriber to a licensed title insurance rating organization that makes filings and (2) authorizing the Commissioner to accept filings on its behalf from the rating organization. A title insurance rating organization is authorized by the Act to request a hearing on behalf of its members or subscribers on notice of disapproval of a filing by the Commissioner. The Act exempts title insurance rate filings by a rating organization on behalf of a title insurer from the requirement that the Commissioner make a determination on a filing within a certain time period or the filing is deemed approved. Finally, the Act establishes that a title insurance rating organization is subject to the same regulatory oversight provisions as other rating organizations, including being examined at least once every five years.

Insurance Professionals

Public Adjusters

Chapter 155 of 2016 began the process of conforming the licensing of "public adjusters" with the NAIC Public Adjuster Licensing Model Act. ***House Bill 136*** ***(Ch. 106)*** continues that process by, among other things (1) redefining public adjuster; (2) exempting certain persons from the licensing requirement and providing that marketing on behalf of a public adjuster does not require a license; (3) establishing requirements and prohibitions for public adjuster service contracts; (4) requiring public adjusters to maintain a record that includes specified information of each transaction entered into as a public adjuster; (5) specifying the professional obligations of a public adjuster and the ethical requirements to which a public adjuster must adhere; and (6) requiring a public adjuster to report certain information to the Maryland Insurance Commissioner within 30 days after the final disposition of an administrative action taken against the public adjuster in another jurisdiction or by another governmental unit in Maryland, or within 30 days after the initial pretrial hearing date for a criminal prosecution of the public adjuster brought in any jurisdiction. The Act takes effect January 1, 2018, and applies to all public adjuster licenses issued or renewed on or after that date.

Bail Bondsmen

Continuing Education Requirements: A bail bondsman is an authorized insurance producer of a surety insurer that issues bail bonds. To obtain or retain a license as a bail bondsman, the bondsman must (1) meet the requirements for acting as a property and casualty insurance producer in the State; (2) comply with any continuing education requirements that the Maryland Insurance Commissioner sponsors or approves; and (3) annually certify to the Commissioner that the majority of the bail bondsman's income is from providing bail bondsman services. ***Senate Bill 375***/***House Bill 451*** ***(both passed)*** require each insurance producer who possesses a license to sell property and casualty insurance and who sells, solicits, or negotiates bail bonds to receive continuing education that directly relates to bail bond insurance.

Confessed Judgment Clauses in Installment Contracts: ***Senate Bill 459*** ***(passed)*** requires an agreement to accept payment for the premium charged for a bail bond in installments to be in a form adopted by the Maryland Insurance Commissioner and prohibits a bail bondsman from including a confessed judgment clause that waives a consumer's right to assert a legal defense to an action in the agreement. The bill also prohibits a confessed judgment clause that waives a consumer's right to assert a legal defense to an action from being included in a bail bond agreement. Under the bill, this activity is considered an unfair method of competition and an unfair and deceptive act or practice in the business of insurance.

Insurance Producers

Payment of Insurance Premiums by Credit Card: A person is prohibited from willfully collecting a premium or charge for insurance that exceeds or is less than the premium or charge applicable to that insurance. ***Senate Bill 94***/***House Bill 800*** ***(Chs. 43 and 44)*** establish an exception to this prohibition by specifying that an insurance producer is not prohibited from charging and collecting the expenses incurred when an insured makes a premium payment using a credit card. However, any point of service credit card expenses may not be considered a premium for any purpose. An insurance producer that accepts alternative payment methods for premiums must fully disclose (1) all payment methods accepted by the insurer or insurance producer and (2) any charge for actual expenses incurred by the insurance producer for payment of a premium using a credit card. The Acts also authorize a surplus lines broker to charge and collect the actual expenses incurred when an insured pays a premium, policy fee, and any other fees and taxes related to a policy using a credit card. Any point of service credit card may not be considered "premium." A broker must disclose the charge for actual expenses incurred on a form approved by the Maryland Insurance Commissioner.

Examination Requirements: An insurance producer is a person licensed by MIA to sell insurance in the State on behalf of an insurer. Among other qualifications, an individual applying for a license must be of good character and trustworthy and meet any experience and education requirements specified by law. An individual applicant for a property and casualty insurance producer license or a life and health insurance producer license also must pass a written examination to demonstrate competency as to the kind of insurance for which the individual wants to be licensed. ***House Bill 1277*** ***(passed)*** decreases the number of days, from 14 days to 4 days, that an individual who failed an insurance producer licensing examination must wait before retaking the examination.

Title Insurance Producers: A title insurance producer is a person that, for compensation, solicits, procures, or negotiates title insurance contracts. It includes a person that provides escrow, closing, or settlement services that may result in the issuance of a title insurance contract and does not include licensed title insurers or individuals employed and used by a title insurance producer for clerical and similar office duties. To act as a title insurance producer, an individual must obtain a license from the Maryland Insurance Commissioner. ***Senate Bill 40*** ***(Ch. 41)*** repeals the requirement that, for license applicants that are partnerships, corporations, or limited liability companies, each partner of a partnership, controlling owner and officer of a corporation, and manager and officer of a limited liability company must hold a license to act as a title insurance producer and, if applicable, an appointment with a title insurer. Instead, the Act requires each controlling person and each trust money controller, as those terms are defined in the Act, to hold a title insurance producer license and, if applicable, an appointment with a title insurer. If an applicant for a license is a business entity (1) the application must be accompanied by an entity authorization that contains specified information and (2) the Commissioner must investigate the character of each person identified in the entity authorization as a controlling person or trust money controller. The Act also authorizes a title insurer, subject to certain requirements, to limit its review of a title insurance producer or title agency that holds appointments with more than one title insurer to files, separately held accounts, and written documentation relating to the title insurer's title insurance policies.

Property and Casualty Insurance

Homeowner's Insurance – Notices

***Senate Bill 279*/*House Bill 291* (Chs. 124 and 123)** authorize a homeowner's insurer to deliver specified offers, notices, and statements to an insured or applicant for a homeowner's insurance policy using electronic means if the insurer complies with existing requirements for notices delivered by electronic means. The Acts also require the Maryland Insurance Commissioner to adopt by regulation a notice containing specified information about homeowner's insurance policies to be provided to insureds or policyholders at each renewal of a policy. A homeowner's insurer may fulfill certain (but not all) renewal notice requirements by using this notice instead of having to send separate renewal notices. The Acts specify that the notice adopted by the Commissioner does not create a private right of action, and may be delivered by electronic means.

Motor Vehicle Insurance

Premium Increase Based on Change in Marital Status: Under Maryland's nondiscrimination laws, an insurer under a policy of private passenger motor vehicle insurance is prohibited from taking certain actions with respect to the policy, including increasing a renewal premium based, in whole or in part, on the credit history of the insured or applicant. ***Senate Bill 534*/*House Bill 916* (both passed)** expand the prohibitions by providing that an insurer may not increase the premium for an insured who becomes a surviving spouse based solely on the insured's change in marital status.

Reinstatement of Policy Without Lapse in Coverage: *Senate Bill 290* ***(passed)*** authorizes a motor vehicle insurer and MAIF to reinstate without a lapse in coverage a private passenger motor vehicle liability insurance policy that was canceled for nonpayment of premium on payment by the policyholder of (1) all earned premiums owed to the insurer or MAIF and (2) any reasonable fee approved by the Maryland Insurance Commissioner. Before a policy is reinstated, the policyholder must provide a written certification that no losses were incurred by the policyholder from the time and date the policy was canceled through the time and date the policy is reinstated. Reinstatement of a policy must be implemented in accordance with written underwriting guidelines adopted by the insurer or MAIF, and is subject to certain requirements in the same manner as a cancellation, a refusal to underwrite, or a refusal to renew a risk or class of risk. A premium finance company is not required to reinstate a policy if the insurer requires a reinstatement fee to be paid by the insured and the insured does not timely pay the reinstatement fee.

The bill also clarifies that certain prohibitions against a person willfully collecting a premium or charge for insurance that exceeds or is less than the premium or charge applicable to that insurance does not prohibit a motor vehicle insurer or MAIF from charging and collecting a reasonable fee approved by the Commissioner for reinstatement, without a lapse in coverage, of a private passenger motor vehicle liability insurance policy. The Commissioner must review the administrative expenses submitted by an insurer or MAIF that are associated with the reinstatements, and may approve a fee that does not exceed (1) $10 if charged by an insurer or MAIF and (2) $15 if charged by an insurance producer or fund producer.

Finally, the bill increases the amount a fund producer that places automobile insurance with MAIF may charge an applicant to $25 plus $1 more than the actual charge by the Motor Vehicle Administration for a driving record, instead of $10 plus $1 more than the actual charge.

Enhanced Underinsured Motorist Coverage: Uninsured motorist coverage pays for injury and damages caused by an uninsured or hit-and-run driver. This coverage reimburses the policyholder, members of the policyholder's family, or designated driver for an accident caused by the uninsured motorist. This coverage generally pays for medical bills and wage loss; pain, suffering, and disfigurement; emotional distress; and loss of future earning capacity. Uninsured motorist coverage also may include property damage as long as the insurer's coverage is at least equal to the required coverage under MAIF's Uninsured Division and the minimum coverage levels specified in Title 17 of the Transportation Article. For purposes of uninsured motorist coverage, "uninsured motor vehicle" means a motor vehicle (1) ownership, maintenance, or use which has resulted in the bodily injury or death of an insured and (2) for which the sum of the limits of liability under all valid and collectible liability insurance policies, bonds, and securities applicable to bodily injury or death is less than the amount of uninsured coverage under the insured party's motor vehicle liability insurance policy or has been reduced by payment to other persons of claims arising from the same occurrence to an amount less than the amount of coverage under the insured party's motor vehicle liability insurance policy.

House Bill 5 ***(Ch. 20)*** establishes enhanced underinsured motorist (EUIM) coverage in the State. The first-named insured under a policy or binder of private passenger motor vehicle liability insurance policy may elect to obtain EUIM coverage instead of the uninsured motorist coverage generally required for registered motor vehicles in the State. The EUIM coverage contained in a private passenger motor vehicle liability insurance policy (1) must at least equal the amounts required by Title 17 of the Transportation Article and the coverage provided to a qualified person by MAIF for unsatisfied claims and (2) may not exceed the amount of liability coverage provided under the policy. The amount of EUIM coverage provided under a private passenger motor vehicle liability insurance policy must equal the amount of liability coverage provided under the policy. For purposes of EUIM coverage, "underinsured motor vehicle" means a motor vehicle that has liability coverage in an amount less than, more than, or equal to the uninsured motorist coverage provided under the insured party's motor vehicle liability insurance policy. The limit of liability for an insurer that provides enhanced underinsured motorist coverage is the amount of that coverage without any reduction for the amount paid to the insured, that exhausts any applicable liability insurance policies, bonds, and securities, on behalf of any person that may be held liable for the bodily injuries or death of the insured. The Act applies to each policy of private passenger motor vehicle insurance issued, sold, or delivered in the State on or after July 1, 2018.

Maryland Automobile Insurance Fund – Operations: MAIF is an independent nonbudgeted State agency. Through its Insured Division, MAIF provides automobile liability insurance to residents of the State who are unable to obtain policies in the private insurance market. ***Senate Bill 910*** ***(passed)*** makes several substantive changes to MAIF's operations. The bill exempts MAIF from the 2% premium tax for its automobile insurance policies for four and one-half years. As a result, nonbudgeted revenues of MAIF are estimated to increase by approximately $600,000 in fiscal 2018 and $2.0 million per year from fiscal 2019 through 2022. The bill also authorizes MAIF to file and use rates for automobile insurance in the same manner as other automobile insurers in the State. ***Senate Bill 910*** also (1) repeals the provision of law that subjected MAIF to the Open Meetings Act; (2) clarifies that MAIF is subject to the Administrative Procedures Act with respect to regulations adopted by MAIF under certain provisions of law relating to MAIF's Uninsured Division; and (3) removes MAIF's Executive Director from membership on the audit committee that oversees MAIF's annual fiscal compliance audits. Additionally, the bill expands eligibility for a MAIF policy to individuals who have had a motor vehicle liability insurance policy but have been uninsured for a continuous period of 12 months or more immediately preceding the effective date of the MAIF policy, as verified by a commercial third-party database or a State agency. To be eligible for the policy, an individual must meet existing ownership, licensure, and residency requirements and may not owe MAIF an unpaid premium or a claim payment obtained by fraud.

Annuities

The Maryland Insurance Commissioner is authorized to issue a special permit to an educational or religious organization, hospital, or community foundation that allows the entity to make or issue agreements for annuity payments with donors. ***Senate Bill 15*** ***(passed)*** requires the holder of a special permit to submit audited fiscal year-end financial statements to the Commissioner each year within 180 days after the end of the special permit holder's fiscal year instead of submitting an annual report within 90 days after the end of the special permit holder's fiscal year. The financial statements must be audited by a certified public accountant and presented in conformity with generally accepted accounting principles. The financial statements must be treated as confidential and are not available for public inspection. During the application process for a special permit, the Commissioner may waive the requirement for audited financial statements and instead require additional documents or information that the Commissioner considers necessary.

Long-term Care Insurance

Premium Rates

House Bill 493 ***(passed)*** prohibits an insurer, a nonprofit health service plan, and a preferred provider organization (collectively "carriers") that offers, issues, or delivers a policy, contract, or certificate of long-term care insurance in the State from charging a premium to an insured under a long-term care policy or contract or changing the premium charged before the premium rate or rate change has been filed with and approved by the Maryland Insurance Commissioner. Any applicable premium rate or premium rate change must be filed with the Commissioner in accordance with regulations adopted by the Commissioner. The Commissioner must disapprove or modify a proposed premium rate filing if the proposed rate appears, based on actuarial analysis and reasonable assumptions, to be inadequate, unfairly discriminatory, or excessive in relation to benefits.

The bill requires the Commissioner to provide specified information about long-term care insurance premium rates on MIA's website, and to hold a public hearing at least quarterly to review long-term care insurance rate filings received during the preceding three-month period. A carrier must provide a one-time written notice to its insureds that information about proposed rate increases may be accessed on MIA's website.

Finally, the bill requires MIA to assess the impact on long-term care insurance policyholders and carriers of the existing regulation requiring carriers to offer a nonforfeiture benefit and to determine, based on its assessment and any other relevant factors, whether expanding the nonforfeiture benefit requirement may be desirable. MIA must report on its assessment and determination to specified legislative committees on or before January 1, 2018. The bill applies to all policies, contracts, or certificates of long-term care insurance issued, delivered, or in effect in the State and rate filings submitted to the Commissioner on or after October 1, 2017.

Task Force on Long-Term Care Education and Planning

Senate Bill 696/House Bill 953 ***(both passed)*** establish the Task Force on Long-Term Care Education and Planning to (1) examine the status of long-term care education in the State; (2) consider options for improving efforts to educate residents of the State about planning for long-term care; and (3) make specified recommendations regarding long-term care education. The task force must report its findings and recommendations to the Governor and the General Assembly on or before December 1, 2017.

Surplus Lines Insurance

Insurance in the State may be purchased from an unauthorized insurer as a surplus line only under certain specified circumstances. For example, before surplus lines insurance may be procured from an unauthorized insurer, a diligent search must be made among the authorized insurers that are writing the particular kind and class of insurance in the State to see if the insurance being sought is already available. Furthermore, a surplus lines broker may not place surplus lines insurance with an unauthorized insurer unless the Maryland Insurance Commissioner has approved the insurer as a qualified surplus lines insurer. The Commissioner may not approve an insurer as a qualified surplus lines insurer unless the insurer (1) is authorized in its domiciliary jurisdiction to write the type of insurance it seeks to write as a surplus line; (2) has capital and surplus in a specified amount; and (3) files certain information with the Commissioner.

Senate Bill 19 ***(Ch. 37)*** provides that a surplus lines insurer's approval expires on June 30 each year unless the approval is renewed. Before an approval expires, an insurer is authorized to renew the approval for a one-year term if the insurer (1) files a renewal application with the Commissioner; (2) pays the $1,000 annual renewal fee; and (3) submits any additional information or documentation required by the Commissioner. A surplus lines insurer's renewal application must be signed by an officer of the insurer certifying that the insurer is in compliance with all statutes and regulations of its domiciliary jurisdiction. The Act also alters an annual reporting requirement related to premium taxes so that only surplus lines brokers that have transacted business in the State during the reporting period must file the report, instead of requiring all surplus lines brokers to do so.

Horse Racing and Gaming

Horse Racing

Racetrack Facility Renewal Account

Except for the video lottery facility in Allegany County, 1% of video lottery terminal (VLT) proceeds from each video lottery facility is distributed to the Racetrack Facility Renewal Account (RFRA), which is under the authority of the Maryland Racing Commission. ***Senate Bill 178*** ***(passed)*** alters the conditions of eligibility for racing licensees to receive RFRA funds. For each year that funding is requested, Laurel Park and Pimlico Race Course must spend a combined total of at least $1.5 million, and Rosecroft Raceway and Ocean Downs Racetrack must each spend at least $300,000 for capital maintenance and improvements. These minimum amounts may include amounts provided as a matching fund. The bill also authorizes the commission on or before December 31, 2018, to grant (not to exceed $150,000) from RFRA a one-time matching fund request from the Bowie Race Course Training Facility, subject to specified conditions.

State Lottery

Online Lottery Tickets

There are no statutory or regulatory provisions that prohibit the State Lottery and Gaming Control Agency (SLGCA) from selling lottery games over the Internet. Chapter 293 of 2014 established that the legislative intent of the General Assembly is for SLGCA not to implement any new e-commerce related to lottery sales before April 6, 2015. ***Senate Bill 438***/***House Bill 813*** ***(both passed)*** prohibit SLGCA from allowing the establishment of any system or program that allows a person to purchase a State lottery ticket through an electronic device that connects to the Internet, such as a personal computer or mobile device.

Video Lottery Facilities and Proceeds

Reconciliation of Proceeds

Under current law, VLT and table game proceeds are calculated on a daily basis. ***Senate Bill 496*** ***(passed)*** alters the definition of VLT and table game "proceeds" so that, consistent with regulations adopted by the State Lottery and Gaming Control Commission (SLGCC), if a video lottery operation licensee returns to successful players more than the amount of money bet through VLTs or table games on a given day, the licensee may subtract that amount from the proceeds of a following day. The regulations must establish the length of time for which a reduction in the amount of proceeds may continue.

Transfer of VLT Ownership

Video lottery operation licensees own or lease their own VLT devices, with the exception of the licensees in Allegany and Worcester counties, which use VLTs leased by SLGCC. ***Senate Bill 495*** ***(passed)*** requires the video lottery operation licensees in Allegany or Worcester counties to own or lease their VLT devices and the associated equipment and software after March 31, 2020. If the licensee in these counties owns or leases the VLT devices and associated equipment and software before January 1, 2019, the bill alters the distribution of VLT proceeds so that the licensee receives 10% of VLT proceeds. Finally, for the first 10 years of operations at a video lottery facility in Allegany County, 1% of VLT proceeds from the facility is distributed as local impact grants instead of to SLGCA.

License Renewal and Local Development Councils

Senate Bill 497 ***(passed)*** alters the time period from one to two years before a video lottery operation license expires by which the video lottery operation licensee must file with the SLGCC a notice of intent to reapply for the license. Additionally, the bill alters the membership of a video lottery facility local development council by authorizing the senator and delegates who serve on the council to designate a representative to represent them on the council.

Problem Gambling Fund

SLGCC must establish an annual fee of $425 for each VLT and may establish an annual fee for each table game, capped at $500 per table, to benefit the Problem Gambling Fund in the Department of Health and Mental Hygiene. Video lottery operation licensees pay these annual fees to the fund. ***House Bill 1227*** ***(passed)*** specifies the primary purposes of the fund and requires that (1) expenditures from the fund be used to establish an outreach program for compulsive and problem gamblers, including those individuals who requested placement on the voluntary exclusion list, for the purpose of participating in problem gambling treatment and prevention programs; and (2) treatment and prevention programs must be free or at reduced cost. The

Maryland Center of Excellence on Problem Gambling must report to the General Assembly by December 31, 2017, on its public awareness and outreach efforts, by county, during fiscal 2017.

Unclaimed VLT Winnings

Regulations specify that a VLT player must have a maximum of 182 days from the date an unclaimed jackpot is won to claim it. After 182 days, an unclaimed jackpot must be distributed as VLT proceeds. ***Senate Bill 228***/***House Bill 300*** ***(both passed)*** require a jackpot won at a VLT that is not claimed by the winner within 182 days after the jackpot is won to become the property of the State and be distributed as follows: 2.5% to the Small, Minority, and Women-Owned Businesses Account (SMWOBA); 9.5% in local impact grants; 10.0% to the Purse Dedication Account established under the authority of the State Racing Commission; 1.5% to the Racetrack Facility Renewal Account; and the remainder (76.5%) to the Education Trust Fund.

SMWOBA

Generally, 1.5% of VLT proceeds at each video lottery facility must be distributed to SMWOBA. ***House Bill 152*** ***(Ch. 23)***, the Budget Reconciliation and Financing Act of 2017, redirects any new funding to the account to (1) the General Fund for fiscal 2018 to help pay for grants to local boards of education provided for under Chapter 6 of 2017 and (2) the Education Trust Fund for fiscal 2019 and 2020.

Senate Bill 498 ***(passed)*** transfers the authority for the administration of SMWOBA from the Board of Public Works to the Department of Commerce. For a further discussion of ***Senate Bill 498***, see subpart "Economic Development" within this part of this *90 Day Report*.

Local Impact Grants

House Bill 811 ***(passed)*** requires that (1) at least 20% of the local impact grants in Allegany County from VLT proceeds must be used for capital projects for municipalities and nonprofit organizations in the county; and (2) $125,000 of local impact grants in Prince George's County must be provided annually to communities within 2.5 miles northeast of the video lottery facility in Prince George's County.

Donation of Coins

Chapter 479 of 2016 required SLGCA to establish a pilot program requiring one video lottery operation licensee to offer players the opportunity to donate coins to the Maryland Veterans Trust Fund when receiving cash on payout. ***Senate Bill 1125***/***House Bill 1537*** ***(both passed)*** expand the program to all video lottery operation licensees. The licensees are required to attach donation boxes near the exits of video lottery facilities.

Local Gaming

Anne Arundel County

House Bill 85 ***(passed)*** authorizes the Anne Arundel County Department of Inspections and Permits to issue a permit to conduct a card game, card tournament, or casino event to (1) a nonprofit organization that supports Fort George G. Meade or (2) a chamber of commerce within Anne Arundel County. An organization may not receive more than one permit per calendar year.

Frederick County

Senate Bill 518 ***(Ch. 75)*** alters a gaming permit in Frederick County so that the permit authorizes a gaming event to be conducted on a Sunday during the hours that alcoholic beverages may be sold at the establishment where the gaming event is conducted, instead of at 1 p.m. and later.

St. Mary's County

Senate Bill 101*/*House Bill 194 ***(Chs. 47 and 48)*** repeal provisions of the Public Local Laws of St. Mary's County relating to licensing of, and operating requirements for, amusement devices in St. Mary's County.

Economic Development

Business Development Programs

More Jobs for Marylanders Act of 2017

Senate Bill 317 ***(Ch.149)*** establishes the More Jobs for Marylanders Program administered by the Department of Commerce (Commerce). A new manufacturing business that locates and creates jobs within a Tier I county, defined in the Act as a qualified distressed county or a county designated by the department (up to three), may be entitled to a 10-year (1) income tax credit for up to 5.75% of the total wages paid to qualified employees; (2) sales tax refund; (3) State property tax credit equal to 100.0% of the tax imposed on the facility's real property; and (4) exemption from paying corporate filing fees. An existing manufacturing business that creates jobs may qualify for a 10-year income tax credit.

A manufacturing business may apply for the More Jobs for Marylanders Program if the business intends to create at least 5 qualified positions in a Tier I county or at least 10 qualified positions in a Tier II county, which are defined in the Act as the counties that are not designated as Tier I counties. Additionally, new and existing manufacturing businesses must offer an ongoing job skills enhancement training program or a postsecondary education program that is approved by the department.

The Act alters the criteria for a qualified distressed county to include a county with an average rate of unemployment for the most recent 24-month period for which data is available that exceeds the average rate of unemployment for the State during that period by at least 2 percentage points. Allegany, Dorchester, Somerset, and Worcester counties are currently designated as qualified distressed counties, and Baltimore City also qualifies because it has met the qualifications at some time during the preceding 24-month period.

The Act caps at $9 million the total amount of income tax credits awarded in a fiscal year, caps at $1 million the total amount of sales tax refunds that may be issued in a fiscal year, and closes program enrollment after June 1, 2020. The Act also allows any manufacturer located in the State to claim (1) increased expensing amounts under the State income tax by conforming State law to the maximum aggregate costs of expensing allowed under Section 179 of the Internal Revenue Code (IRC) and (2) any bonus depreciation amounts provided under Section 168(k) of IRC.

Additionally, the Act (1) establishes an income tax credit for businesses that employ an eligible apprentice; (2) establishes Workforce Development Sequence Scholarships for eligible students who are enrolled in a job skills program at a community college; (3) requires specified vocational goals to be established for high school students; and (4) requires State agencies to partner to create registered apprenticeship programs and to analyze and report specified information on registered apprenticeship programs. The Act requires the Governor to appropriate at least $1 million each annually for the Partnership for Workforce Quality Program and the Workforce Development Sequence Scholarships.

For a more detailed discussion of the tax credit provisions of this Act, see the subpart "Income Tax" within Part B – Taxes of this *90 Day Report*. For a more detailed discussion of the apprenticeship program provisions of this Act, see the subpart "Labor and Industry" within this part of this *90 Day Report*. For a more detailed discussion of the Workforce Development Sequence Scholarship provisions of this Act, see the subpart "Higher Education" within Part L – Education of this *90 Day Report*.

Maryland Nonprofit Development Center Program and Fund – Bridge Loans

The Maryland Not-For-Profit Development Center Program is charged with assisting the economic growth and revitalization of nonprofit entities in the State by providing grants for training and technical assistance services. ***Senate Bill 465*/*House Bill 1517* (both passed)** rename the Maryland Not-For-Profit Development Center as the Maryland Nonprofit Development Center and, beginning in fiscal 2021, require up to 5% of video lottery terminal (VLT) proceeds from the Small, Minority, and Women-Owned Businesses Account (SMWOBA), not to exceed $1 million annually, to be distributed to the Nonprofit Interest-Free, Micro Bridge Loan (NIMBL) account within the Maryland Nonprofit Development Center Program Fund for bridge loans to nonprofit entities. If a nonprofit entity provides written confirmation that the entity has been awarded a government grant or contract but has not yet received the funding, Commerce may provide a no-interest bridge loan to the nonprofit entity for operating expenses of up to $25,000. The department is required to establish a repayment schedule for a bridge loan that is reasonable based on the nature and payment schedule of the government grant or contract to the nonprofit entity and that assures repayment is completed no later than the date of the final grant or contract payment to the nonprofit entity.

Although the source of funding from VLT proceeds is delayed until fiscal 2021, the bills authorize the Governor to transfer to the NIMBL account $187,500 of the fiscal 2017 appropriation that was transferred to SMWOBA in accordance with ***House Bill 152*** **(*Ch. 23*)**, the Budget Reconciliation and Financing Act of 2017. The department is required to report to the Governor and the General Assembly by December 31, 2020, on the bridge loans issued under the program.

Maryland Stadium Authority – Maryland Sports and Affiliated Foundations

The Office of Sports Marketing in the Maryland Stadium Authority (MSA) was created in 2007 with the goal of attracting and hosting national and international sporting events. In 2015, the Office of Sports Marketing was rebranded as Maryland Sports. ***Senate Bill 1148*****/*****House Bill 1619*** ***(both passed)*** codify Maryland Sports as an office in MSA and require the office to implement a program to bring regional, national, and international sporting events at all levels of competition to the State for the purposes of utilizing sports facilities in the State, enhancing the economic development of the State, and promoting the State as a destination for amateur and professional sporting events.

Additionally, the bills authorize MSA to establish one or more affiliated foundations to work with Maryland Sports for various purposes, and Maryland Sports is encouraged to promote private fundraising by maintaining relationships with each affiliated foundation. MSA must develop policies for the operation of each affiliated foundation it establishes, subject to review and, if appropriate, approval by the Attorney General. After providing the budget committees of the General Assembly an opportunity for review and comment, MSA may grant up to $500,000 of its available nonbudgeted money each fiscal year to affiliated foundations. An independent certified public accountant hired and paid by MSA must audit each affiliated foundation each year.

MSA may authorize an MSA official or employee to serve as a director or official of an affiliated foundation under certain circumstances; however, MSA must notify the State Ethics Commission in writing whenever MSA permits a joint service of an MSA official or employee. If the commission objects or expresses concerns regarding the joint service of an MSA official or employee, the commission must notify MSA within 30 days of receiving MSA's notice, and MSA must then reexamine the matter. Additionally, the commission is required to review and, if appropriate, approve the policies established by MSA that pertain to conflicts of interest relating to joint service.

Make Office Vacancies Extinct (MOVE)

To encourage the location of new businesses in the State and reduce office space vacancies in counties that provide comparable office space support to the businesses, ***House Bill 1464*** ***(passed)*** establishes the Make Office Vacancies Extinct (MOVE) program in Commerce. The program provides matching grants to eligible businesses for office space support in conjunction with grants provided by comparable county programs. The MOVE Matching Fund is established as a special fund to provide the matching grants and pay for the administrative costs of the program. Subject to the availability of money in the fund, the program may provide the same amount of funding to an eligible business, on a first-come, first-served basis, as the county program provides to the eligible business. The Secretary of Commerce must review and evaluate the program at least once every three years.

To qualify for participation in the program, a new business must (1) be located in a county that has a comparable support program to reduce office space vacancies in the county; (2) be a home-based, start-up enterprise occupying its first commercial space in the county, or a business relocating from outside the State or significantly expanding its operations in the county; (3) execute a direct lease with the landlord for at least three years of up to 10,000 square feet or obtain an occupancy permit if sharing office space with another business; and (4) apply for support from the program within 90 days after signing the lease or obtaining the occupancy permit. In addition, the program may exclude a business that is relocating from one county to another county within the State. A grant recipient that fails to fulfill the eligibility and maintenance requirements of the program or of the county program that supports the recipient may be required to return all or part of the grant to the program.

Maryland E-Nnovation Initiative Program

Chapters 532 and 533 of 2014 established the Maryland E-Nnovation Initiative Program, the Maryland E-Nnovation Initiative Fund Authority, and the Maryland E-Nnovation Initiative Fund in what is now Commerce. Under the program, nonprofit institutions of higher education in the State that have research endowment plans approved by the authority and have secured qualified matching private donations may seek distributions from the fund to certain research endowments. Within 90 days after approval by the authority of a request for matching funds, an institution must deposit into its endowment an amount of qualified donations equal to or greater than the total amount of funds allocated for distribution to the institution.

House Bill 94 ***(passed)*** authorizes an institution that anticipates that it will not receive the entire amount of a qualified donation before the end of the fiscal year in which its research endowment plan is approved to deposit specified other available funds for purposes of satisfying the 90-day deposit requirement. To use other available funding, the institution must have disclosed in the approved research endowment plan its intent to rely on the other funds, the source of the funds, and other requested information. The funds used in lieu of qualified donations may not include (1) educational or general fees, auxiliary fees, or other student fees generated by the institution; (2) proceeds from promissory notes, bonds, loans, or other instruments evidencing an indebtedness or any other obligation of repayment by the governing body of the institution; or (3) any other funds received from the State or federal government. For further discussion of ***House Bill 94***, see the subpart "Higher Education" within Part L – Education of this *90 Day Report*.

Energy Innovation: Maryland Energy Innovation Institute and Fund

Senate Bill 313/House Bill 410 ***(both passed)*** establish the Maryland Energy Innovation Institute in the A. James Clark School of Engineering at the University of Maryland, College Park

Campus. The purposes of the institute are to (1) collaborate with academic institutions (public and private, nonprofit four-year institutions) in the State to participate in clean energy programs and (2) develop and attract private investment in clean energy innovation and commercialization in the State. A board is established to advise the university on the management of the institute. The director of the University of Maryland Energy Research Center is the director of the institute. The institute's enumerated powers include, among other things, to:

- coordinate and promote energy research and education, as specified;
- provide energy policy innovation advice to State and federal units and work closely with State and federal agencies, among others, to ensure effective implementation and execution of the State's energy mission and vision;
- collaborate with specified entities and pursue grants, other funds, and in-kind contributions for clean energy research and innovation;
- provide seed grant funding to academic institution-based entrepreneurs or entities in order to promote the commercialization of clean energy technologies developed wholly or partly by an academic institution, but not duplicate existing seed grants made through the Maryland Technology Development Corporation;
- work with the Maryland Technology Enterprise Institute and the University of Maryland Office of Technology Commercialization to (1) identify energy technologies at academic institutions that may be viable for commercialization and (2) provide grant funding and investment financing to cover patent, facilities, and other costs, as specified, in order to promote the commercialization of clean energy technologies developed wholly or partly by an academic institution;
- work with the Maryland Technology Enterprise Institute to jointly manage, operate, and maintain facilities for a clean energy incubator; and
- coordinate incubation and potential financing of academic institution-based entrepreneurs or entities with resources provided by the Maryland Clean Energy Center (MCEC).

In addition to reporting annually on its operations and activities, the institute must study and evaluate aspects of funding for clean energy technology in the State and submit a report of its findings and recommendations to the Governor, the Maryland Energy Administration (MEA), and the General Assembly by December 1, 2019.

The Maryland Energy Innovation Fund is established as a special fund in the University System of Maryland (USM), managed and supervised by the institute. The fund consists of money appropriated by the State and other specified sources, including (1) repayment of principal and payment of interest of a loan made from the fund; (2) recovery of an investment made by MCEC in a business enterprise from the fund; and (3) repayment of a conditional grant made by MCEC from the fund. For fiscal 2018 through 2022, $1.5 million annually must be transferred from the Strategic Energy Investment Fund to the energy innovation fund. The fund is used by the institute and MCEC for their administrative and operating costs, and MCEC may also use the fund to provide specified financial assistance, including grants, loans, equity investment financing, and guarantees. The bills specify that money expended from the fund is supplemental to funding that otherwise would be appropriated for MCEC, the institute, or any part of USM.

Additionally, the bills require MCEC to work collaboratively with MEA, alter the role of MCEC as a clearinghouse of energy information and materials, require the MCEC governing board to establish a financing investment advisory committee, repeal provisions relating to an inactive technology incubator program, and provide for greater coordination between MCEC and other State economic development units. Previous loans made by MEA to MCEC are converted into grants, and MCEC must establish a work plan to become self-sustaining within five years.

Regional and Local Economic Development

Baltimore Metropolitan Council

The Baltimore Metropolitan Council is a regional council of governments. The "region" for the council's purposes means the area that includes all of Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, and Howard counties. ***Senate Bill 212*/*House Bill 173* (both passed)** add a member appointed by the Board of County Commissioners of Queen Anne's County to the council. The bills also expand geographic eligibility requirements for two existing council positions to allow otherwise eligible members of the General Assembly who represent a district in Queen Anne's County to be appointed to the council.

Montgomery County Business Improvement Districts

Chapter 461 of 2010 authorized a county or municipality to establish business improvement districts, subject to specified conditions. Business improvement districts have traditionally been established by groups of local businesses and property owners with the goal of attracting customers, clients, and shoppers to the district by implementing coordinated improvements and shared marketing efforts. ***House Bill 386* (passed)** exempts Montgomery County from the statewide business improvement district law and establishes a separate law solely for Montgomery County and its municipalities. Most of the bill is identical to the statewide law except (1) the tax base of a district is broadened to include all real property that is not exempt from paying real property taxes, except for specified exclusions for certain residential property; (2) the minimum threshold of property owners necessary to create or expand a district is reduced; (3) notification requirements prior to creation of a district are altered to remove commercial tenants; (4) the board of directors of a district corporation may range in size from five to nine members; and (5) a proposed district that meets a statutory purpose is not required to be authorized.

Dissolution of PenMar Development Corporation

Chapter 737 of 1997 established the PenMar Development Corporation (PMDC) to mitigate the economic stress placed on Washington County by the closure of the Fort Ritchie

U.S. Army Base. On July 12, 2016, PMDC and the Board of County Commissioners for Washington County entered into a Memorandum of Understanding (MOU) to transfer the Fort Ritchie property to the county by September 15, 2016. The board agreed in the MOU to pursue development of the property with a return to private ownership as deemed appropriate and to increase the overall taxable base of the county. ***Senate Bill 204/House Bill 605 (Chs. 142 and 141)***, emergency legislation, repeal the provisions establishing PMDC, its powers and duties, and related requirements. Any remaining right, title, and interest in real property; together with all contracts, leases, liabilities, and personal property held by PMDC; must be transferred to the board on the effective date of the Acts. If an issue arises concerning the transfer from PMDC to the board, any concerned party must refer to the MOU in order to resolve the issue.

Other Economic Development Tax Credits

In addition to the More Jobs for Marylanders Act of 2017, a number of other measures passed during the 2017 session to create or expand tax credits targeted toward generating new jobs and increasing economic growth in the State. Several of these measures are briefly discussed below. For a more detailed discussion of economic development tax credits and other tax credits, see the subpart "Income Tax" within Part B – Taxes of this *90 Day Report*.

Job Creation Tax Credit

The job creation tax credit program provides a tax credit to certain businesses that are primarily engaged in qualifying business activities and expand or establish a facility in Maryland that results in the creation of new jobs. The new jobs must be full-time, permanent, filled, located in Maryland, and pay at least 150% of the federal minimum wage. Commerce certifies the number of qualifying jobs created by the business, and there is no limit on the amount of credits that may be awarded each year. A business must claim the value of the tax credit over two tax years. ***Senate Bill 873 (passed)*** alters the program by (1) increasing the value of the tax credit; (2) allowing a business to claim the full value of the credit in one tax year; (3) limiting to $4 million the annual amount of credits the department may award; (4) lowering the minimum number of qualifying jobs that must be created in order to claim the credit in certain counties; (5) requiring that each qualifying job pay at least 120% of the State minimum wage; and (6) altering certain tax credit verification and reporting requirements. The bill applies to all job creation tax credits certified after December 31, 2017.

Biotechnology Investment Tax Credit

The biotechnology investment tax credit offers a refundable tax credit for eligible investments in qualified Maryland biotechnology companies. Commerce administers the tax credit application, approval, and certification process. In addition to meeting other specified eligibility requirements, a qualified biotechnology company may have been an active business for no longer than specified maximum time periods. ***Senate Bill 226/House Bill 373 (both passed)*** expand eligibility for the biotechnology investment tax credit by specifying that a qualified biotechnology company is a company that has been an active business for a maximum of (1) 12 years; (2) 12 years from the date the company first received a qualified investment under the program; or (3) 15 years if the department determines that the company needs additional time to complete the process of regulatory approval. The bills further expand eligibility by allowing investments in companies that within two months of receiving the investments will meet the requirements to be qualified, provided that any final tax credit certificate must be revoked and any claimed tax credit must be recaptured if a company fails to meet the requirements within two months.

Research and Development Tax Credit

Businesses that incur qualified research and development expenses in Maryland are entitled to the research and development tax credit. There are two types of credits available: (1) a basic credit equal to 3% of the Maryland qualified research and development expenses paid during the tax year, up to the Maryland base amount; and (2) a growth credit equal to 10% of the Maryland qualified research and development expenses paid during the year that exceed the Maryland base amount. ***Senate Bill 200*** ***(passed)*** expands the research and development tax credit by increasing from $9 million to $12 million the aggregate amount of credits that Commerce can approve in each calendar year. The bill applies to all research and development tax credits certified after December 15, 2016.

Department of Commerce

Small, Minority, and Women-Owned Businesses Account

Generally, 1.5% of VLT proceeds at each video lottery facility must be distributed to the SMWOBA. Expenditures from the SMWOBA may be made only on a properly approved transmittal prepared by the Board of Public Works (BPW). BPW must make grants to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State. BPW also must ensure that fund managers allocate at least 50% of available funds to eligible businesses in the jurisdictions and communities surrounding the State's video lottery facilities. Under a 2012 MOU, Commerce serves as BPW's agent for administering the program while BPW retains overall authority for the account and the program. To create administrative efficiencies, ***Senate Bill 498*** ***(passed)*** transfers the authority for administering SMWOBA from BPW to the department.

Maryland Manufacturing Advisory Board

The Maryland Advisory Commission on Manufacturing and Competiveness in Commerce consists of 25 members, 12 of whom must be representatives of manufacturing enterprises. The commission must advise the Secretary of Commerce on the best methods to implement the policy directives of the action plan for manufacturing competitiveness in the State, meet at least four times each year, and report annually to the Governor and the General Assembly. Despite its statutory obligations, the commission has undergone extended periods of dormancy and last met in September 2014. ***House Bill 245*** ***(passed)*** reduces the membership of the commission and renames it as the Maryland Manufacturing Advisory Board. A majority of the board members (10 of the 17 members) are representatives of manufacturing enterprises.

Maryland Tourism Development Board

The Maryland Tourism Development Board in Commerce is composed of 24 members. Of the Governor's 14 appointees to the board, 3 are nonvoting members who are directors or chief executive officers from destination marketing organizations officially recognized by the department. These nonvoting appointees do not need the advice and consent of the Senate, which is a requirement for all of the Governor's voting appointees. ***Senate Bill 87*/*House Bill 505* (both passed)** grant the three existing nonvoting members appointed by the Governor the right to vote.

Housing and Community Development

Department of Housing and Community Development

Community Development

***House Bill 1345* (passed)** establishes the National Capital Strategic Economic Development Fund within the Department of Housing and Community Development (DHCD) to provide grants to government agencies and nonprofit community development organizations to assist in predevelopment activities for commercial and residential development (including site acquisition, land assembly, architecture and engineering, and site development) for revitalization in areas designated as sustainable communities. Under the bill, commercial and residential development projects include renovation and rehabilitation of single-family homes; acquisition and rehabilitation of vacant homes for resale to new homebuyers; improvements to business properties; enhancement of community open space or public infrastructure; and workforce and employment development programs. While the bill does not mandate any State funding, there are provisions that require a grant recipient to provide evidence of a matching fund that is equal to $1 for every $4 in State funding and require an appropriation of State funds to be allocated – 85% for projects located in the State between Interstate Highway 495 and the District of Columbia; and 15% for projects throughout the State.

***House Bill 1492* (passed)** expands the authority of the Business Development Program under DHCD's Neighborhood Business Development Program. Specifically, the department may provide small loans (of up to $50,000 per loan) to an approved entity for assistance in providing better access to healthy food in food deserts, including by providing loans for refrigerators, freezers, and other equipment. The department may work with intermediaries to administer the loans. In addition, the bill authorizes the department to meet the current funding obligation for sustainable communities and food deserts by using any financial assistance available that is authorized to be used for these projects.

Homeless and Housing Crisis Programs

***House Bill 134* (Ch. 105)** transfers the Bureau of Homeless Services within the Department of Human Resources (DHR) to DHCD. The Act also transfers responsibilities related to the Interagency Council on Homelessness and the Homeless Women – Crisis Shelter Home Program from DHR to DHCD.

With the enactment of ***House Bill 134***, the contingencies contained in the following bills will provide for the new requirements in those bills to be exercised by DHCD rather than DHR.

Senate Bill 531/***House Bill 269*** ***(both passed)*** codify the Housing Counselor and Aftercare Program, currently in DHR, as the Housing Navigator and Aftercare Program, and transfer the program, contingent on ***House Bill 134***, to DHCD. The stated purpose of the program is to assist families and individuals who are experiencing, or who are in imminent danger of, a housing crisis in obtaining and maintaining permanent housing. Beginning in fiscal 2019, the program is funded with an annual appropriation of $516,828, subject to the limitations of the State budget.

Senate Bill 625 ***(passed)*** requires DHR or, contingent on ***House Bill 134***, DHCD to make available to local administering agencies and service providers, who contract with the department or with local administering agencies to provide shelter services for homeless individuals, a free supply of feminine hygiene products sufficient to meet the needs of female residents in the shelters. Additionally, the bill requires each local board of education, through school nurses, to make available to female students who are determined to be homeless children or youth under the federal McKinney-Vento Homeless Assistance Act, a free supply of feminine hygiene products sufficient to meet the needs of the students during the normal school year.

Department of Planning

Senate Bill 2 ***(passed)*** allows the Maryland Heritage Areas Authority, when it amends or revises boundaries of a recognized heritage area, to publish in the Maryland Register a Uniform Resource Locator to a geographical information system file that is posted on a State website and meets other conditions, as an alternative to publishing in the register a revised drawing or boundary description. The bill also modifies a requirement that boundary maps for each recognized heritage area be kept on file at the office of the county clerk where the recognized heritage area is located, instead requiring the authority to send a copy of each boundary map to the office of the county clerk where the recognized heritage area is located.

Land Banks

Senate Bill 957/***House Bill 1168*** ***(both passed)*** codify and expand current enabling power to establish, by ordinance, a land bank authority, granted originally only to individual municipalities, to apply to one or more local governments, defined under the bill as a municipality or county. Two or more local governments may enter into an intergovernmental cooperation agreement to create a single land bank to act on behalf of the local governments, which may include one or more water and sewer authorities. The bills provide for the continued operation of an authority that is created by an intergovernmental cooperation agreement if one of the parties decides to withdraw from the agreement. The bills specify the various powers of a land bank authority, including the borrowing of money, issuing of bonds, investing of money, insuring real property assets against losses, improving real property, and raising revenue. The bills authorize a land bank authority to quiet title or foreclose on specified property in a specified manner. The bills provide for the collection of specified delinquent water and sewer bills through liens by a land bank authority. The bills also specify the mechanism for the disposition of property acquired by a local land bank authority and exempt property held by an authority from specified taxes under specified circumstances.

Workers' Compensation

Rating Plans

Senate Bill 72/House Bill 1315 ***(both passed)*** expressly authorize a workers' compensation insurer to develop a tiered rating plan containing two or more risk tiers to be applied to the insurer's acceptance of risks under the uniform classification system on which a rate may be made. A tiered rating plan must (1) establish discrete tiers based on defined risk attributes that are reasonably related to the insurer's business and economic purposes and are not arbitrary, capricious, or unfairly discriminatory; (2) require each insured to be placed in the highest quality tier for which it qualifies; and (3) be filed with the Maryland Insurance Commissioner at least 30 days before it may be used. The Commissioner must disapprove a tiered rating plan if the insurer fails to demonstrate that the data produced under the plan cannot be reported in a manner consistent with the uniform classification system and statistical plan. The bills also expressly authorize an insurer to file a merit rating plan with the Commissioner for insureds who do not qualify for a uniform experience rating plan.

Benefits

Senate Bill 426/House Bill 1294 ***(Chs. 69 and 70)*** increase, from $45,000 to $65,000, the limitation on unpaid benefits that may survive to a covered employee's dependents or spouse when the employee was receiving permanent total disability benefits and died from causes unrelated to the claim. The Acts must be construed to apply only prospectively and may not be applied or interpreted to have any effect on, or application to, any claims arising before the bill's October 1, 2017 effective date.

In addition to monetary compensation for a workers' compensation claim, the Workers' Compensation Commission may require the employer or its insurer to pay for specified medical care and treatment. This medical care and treatment must be provided for an appropriate time period, depending on the nature and type of personal injury, compensable hernia, or occupational disease. ***Senate Bill 194/House Bill 1484*** ***(both passed)*** generally establish a 12-month time limit for a medical service provider that treats a covered employee under workers' compensation to bill an employer or its insurer. A bill must be submitted within 12 months from the later of the date (1) the medical service or treatment was provided to the covered employee; (2) the claim for compensation was accepted by the employer or the employer's insurer; or (3) the claim for compensation was determined by the commission to be compensable. The employer or its insurer may not be required to pay a bill submitted after the 12-month limit unless (1) the provider files an application for payment within three years from the later of the date the medical service or treatment was provided, the claim for compensation was accepted by the employer or the employer's insurer, or the claim for compensation was determined by the commission to be compensable and (2) the commission excuses the untimely submission for good cause.

Prohibited Acts

If an accidental personal injury causes a disability for more than three days or death, an employer must report the accident to the Workers' Compensation Commission within three days after learning about the injury. Additionally, when learning that a covered employee has been disabled due to an occupational disease, the employer must promptly report the disability to the commission. An employer that fails to report such an accident or occupational disease is guilty of a misdemeanor and is subject to a fine of up to $50. ***Senate Bill 867*/*House Bill 1476* (both passed)** increase, from $50 to $500, the maximum fine that may be imposed and limits the penalty to knowing violations only.

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 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.

Employer Contributions

***Senate Bill 1169* (passed)** authorizes the Secretary of Labor, Licensing, and Regulation to waive the charge of benefits paid to a claimant against the earned rating record of an employing unit if (1) the benefits are paid to the claimant during a period in which the claimant is temporarily unemployed because the employing unit shut down due to a natural disaster and (2) the Governor declared a state of emergency due to the natural disaster. If the Secretary waives the charge of benefits under the bill, the waiver may only be in effect until the earlier of four months after the natural disaster or the date the employer reopens.

Eligibility for Benefits

When an employer closes its entire plant, or part of its plant, for inventory, vacation, or another purpose that will cause unemployment for a definite period of up to 10 weeks, the

Secretary of Labor, Licensing, and Regulation may exempt employees of the plant from the general UI eligibility requirement to actively seek work during that period if the Secretary finds that circumstances and labor market conditions justify the exemption. In addition, whenever an employer closes its entire plant, or part of its plant, for a purpose other than inventory or vacation and the closure will cause unemployment for a definite period of up to 26 weeks the Secretary may exempt employees of the plant from the general requirement to actively seek work under specified circumstances for the period of the specific shutdown. ***Senate Bill 17*/*House Bill 141* (both passed)** clarify, for both of these situations, that the Secretary may exempt employees of an employer that temporarily closes all or part of its business operations, rather than only the employer's plant, from the requirement to actively seek work during that period in order to receive UI benefits, subject to specified conditions.

Recovery of Benefits

Generally, the Secretary of Labor, Licensing, and Regulation may recover UI benefits paid to a claimant if the Secretary determines the claimant was not entitled to the 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 against the claimant. ***Senate Bill 21*/*House Bill 137* (both passed)** authorize the Secretary to recover the principal amount of UI benefits that have been improperly paid to a claimant by assessment in the same manner as provided for the assessment of past-due employer contributions. If the Secretary seeks to recover benefits by an assessment, the Secretary must allow a claimant to elect, within 30 days of the date of the notice of assessment, to have the amount collected by suit instead of by assessment. The Secretary must adopt regulations to provide general guidance about the processes under which the Secretary may recover benefits and the application of specified provisions of law to the recovery of benefits by assessment under the bill.

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 70* (passed)** specifies that work is not covered employment when performed by a qualifying youth sports worker for a youth sports organization. The bill defines "qualifying youth sports worker" as an individual who provides services or performs duties as an athletic coach, manager, program leader, or team assistant for compensation of up to $1,250 per quarter of a calendar year, for either the current calendar year or the preceding calendar year. Additionally, the bill defines "youth sports organization" as an athletic or recreational program (1) organized for competition against another team, club, or entity or for athletic instruction exclusively for participants who are younger than age 19; (2) that is qualified under § 501(c)(4) (social welfare organizations) or § 501(c)(7) (social clubs) of the Internal Revenue Code; (3) that does not have any part of the net earnings benefiting any private shareholder; and (4) that has an adult employee or a qualifying youth sports worker who has supervisory or disciplinary authority over youth participants. "Youth sports organization" does not include a public or private educational institution's athletic program or a school-associated athletic activity.

Procedures and Rights of Appeal

Although most provisions in UI law currently allow for delivery methods other than direct mail, several provisions are unambiguous and require direct mailing. ***House Bill 135*** ***(passed)*** authorizes the Department of Labor, Licensing, and Regulation to electronically send a determination, a redetermination, an appeals decision, a notice or any other document provided to an individual or employer under the State UI law. An individual or employer is likewise authorized to electronically send information, a report, a request, or a document to the department. The department must adopt regulations establishing the methods and means for electronically sending information and documents under the bill.

Initial employer contribution account determinations are made by the Secretary of Labor, Licensing, and Regulation under the UI law. ***House Bill 139*** ***(passed)*** establishes that the Lower Appeals Division in the Department of Labor, Licensing, and Regulation, rather than the Board of Appeals in the department, has jurisdiction over employer contribution account review determinations. Subsequently, a decision of the Lower Appeals Division may be appealed to the Board of Appeals. Prior to filing an appeal to the Lower Appeals Division, an employer must request an internal agency review of the Secretary's review determination, subject to specified requirements. If the Secretary has not issued a review determination decision within 60 days of receiving the request, an employer may request in writing that the Secretary adopt the previously issued determination as a final determination, which then can be appealed to the Lower Appeals Division. If an employer requests that the Secretary adopt the previously issued determination as a final determination, the Secretary must issue and send to the employer a notice adopting the previously issued determination as a review determination decision and advising the employer of the right to file an appeal to the Lower Appeals Division. The bill also generally codifies an existing review determination process that occurs prior to an employer filing an appeal, extends the appeals process from 15 to 30 days, and authorizes the electronic delivery of related notices. The department must adopt regulations related to the review determination process.

Labor and Industry

Sick and Safe Leave Policies

House Bill 1 ***(passed)***, cited as the Maryland Healthy Working Families Act, requires an employer with 15 or more employees to have a sick and safe leave policy under which an employee 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 14 or fewer employees must have a sick and safe leave policy that provides an employee with at least *unpaid* sick and safe leave based on the same conditions that apply to an employer required to provide paid sick and safe leave. An employer is not required to allow an employee to earn or carry over more than 40 hours of earned sick and safe leave in a year, use more than 64 hours of earned sick and safe leave in a year, and accrue more than 64 hours of sick and safe leave at any time. In addition, an employer is not required to allow an employee to use earned sick and safe leave during the first 106 calendar days worked, and an employer must reinstate any accrued leave if an employee is rehired within 37 weeks. Earned sick and safe leave begins to accrue on January 1, 2018, or the date that an employee begins employment with the employer after January 1, 2018.

The bill does not apply to employees who regularly work less than 12 hours a week, independent contractors, associate real estate brokers and real estate salespersons, individuals younger than age 18 before the beginning of the year, workers in the agricultural sector, construction workers covered in a collective bargaining agreement if terms relating to the waiver of paid leave are included in the agreement, employees who work on an as-needed basis in a health or human services industry, or specified employees of a temporary services or employment agency.

An employee is entitled to use earned sick and safe leave:

- to care for or treat the employee's mental or physical illness, injury, or condition;
- to obtain preventive medical care for the employee or employee's family member;
- to care for a family member with a mental or physical illness, injury, or condition;
- for maternity or paternity leave; and
- circumstances due to domestic violence, sexual assault, or stalking committed against the employee or the employee's family member.

If an employer already has a paid leave policy that allows an employee to accrue and use leave that is equivalent to the sick and safe leave provisions under the bill, the employer is not required to modify its leave policy. Also, an employer is exempt from the accrual and carryover provisions of sick and safe leave if the employer awards an employee the full amount of leave that could be accrued at the beginning of the year. On and after January 1, 2017, local jurisdictions are preempted from establishing sick and safe leave laws. The one jurisdiction, however, with a sick and safe leave law is authorized to alter its law. In addition, employees of units of State or local governments are subject to the units' personnel policies if the policies meet or exceed the sick and safe leave requirements under ***House Bill 1***.

The bill specifies processes and conditions, including notice and verification requirements and situations when a sick and safe leave request may be denied, under which an employee may accrue and use earned sick and safe leave. Recordkeeping requirements, penalties, and remedies are established; and the enforcement authority and responsibilities for the Commissioner of Labor and Industry and the Department of Labor, Licensing, and Regulation (DLLR) are specified in the bill. In addition, ***House Bill 1*** establishes a specific procedure for resolving employee written complaints regarding violations of the bill's provisions.

The Governor also introduced paid leave legislation, ***Senate Bill 305*/*House Bill 382* (both failed)**, which would have required an employer with 50 or more employees at each of the employer's locations to provide each employee with paid time off that could be used for any reason. The paid leave would have accrued at the rate of at least 1 hour of paid leave, at the same rate as the employee normally earns, for every 30 hours an employee works, and an employer would not be required to allow an employee to earn or carry over more than 40 hours of paid leave in a year. An employer with 49 or fewer employees would have been eligible for an income tax subtraction modification if the employer provided all of its employees with paid leave that could be used for any reason and was at least equivalent to the annual accrual amounts specified for employers with 50 or more employees.

Education and Workforce Training

A national apprenticeship and training program was established in federal law in 1937 with the passage of the National Apprenticeship Act, also known as the Fitzgerald Act. Along with 24 other states, Maryland has chosen to operate its own apprenticeship programs through the Maryland Apprenticeship and Training Council (MATC) and Maryland Apprenticeship and Training Program. Within the framework established in federal law, the State's apprenticeship and training law established the guidelines, responsibilities, and obligations for training providers and created certain guarantees for workers who become apprenticed. Chapter 54 of 2014 brought the State into conformity with the U.S. Department of Labor (DOL) regulations by specifying that duties of MATC were subject to the approval of the Division of Labor and Industry, which then housed MATC. Since then, MATC was moved to the Division of Workforce Development and Adult Learning (DWDAL) within DLLR, but DOL subsequently indicated that Chapter 54 did not resolve the State's nonconformity with federal regulations. ***House Bill 810* (passed)** specifies clearly that DWDAL is designated as the State Apprenticeship Agency and that MATC serves only in an advisory capacity.

***Senate Bill 317* (Chapter 149)**, among other provisions, establishes an income tax credit for businesses that employ an eligible apprentice, requires specified vocational goals to be established for high school students, and requires State agencies to analyze and report specified information on registered apprenticeship programs. The Act creates a tax credit against the State income tax for individuals or corporations that employ an apprentice for at least seven months during a taxable year in an apprenticeship program registered with MATC. The income tax credit is equal to the lesser of $1,000 for each apprentice or the taxpayer's tax liability. DLLR may approve tax credits of up to $500,000 annually.

The Maryland State Department of Education, DLLR, and the Maryland Longitudinal Data System Center must jointly determine ways to expand and analyze available data, including participation in career and technology education courses, relating to individuals who participate in registered apprenticeship training programs. DWDAL must partner with State departments and their exclusive representatives to identify, before January 1, 2018, opportunities to create registered apprenticeship programs to help address the career workforce needs of those departments. DWDAL must identify opportunities to create registered apprenticeship programs.

DLLR must also explore ways to combine the Youth Apprenticeship Pilot Program with the Apprenticeship and Training Program.

The State Board of Education, in consultation with DLLR and the Governor's Workforce Development Board (GWDB), must develop statewide goals each year from 2018 through 2024 so that by January 1, 2025, 45% of high school students successfully complete a career and technical education (CTE) program, earn industry-recognized occupational or skill credentials, or complete a registered youth or other apprenticeship before graduating high school. By December 1, 2017, the data center and GWDB must develop annual income earnings goals for high school graduates who have not earned at least a two-year college degree by age 25. Also by December 1, 2017, the State Board of Education must develop a method to consider a student's attainment of a State-approved industry credential as equivalent to earning a score of 3 or better on an Advanced Placement examination for purposes of the Maryland Accountability Program if the student was enrolled in and earned the credential aligned with the State-approved CTE program of study at the concentrator level or higher or successfully completed an apprenticeship program approved by MATC. For more information on other provisions of ***Senate Bill 317***, see the subpart "Income Taxes" within Part B – Taxes of this *90 Day Report* and the subpart "Economic Development" within this part.

Chapter 687 of 2009 established the State Apprenticeship Training Fund, which requires contractors and some subcontractors on public work contracts subject to the prevailing wage law to either participate in an apprenticeship training program, make payments to a registered apprenticeship program or to an organization that operates registered programs for the purpose of supporting the programs, or contribute to the fund. ***House Bill 467*** ***(passed)*** requires each contractor or subcontractor awarded a contract for at least $500,000 for a capital construction project that receives at least $1 million in the State's capital budget to (1) be affiliated with a registered apprenticeship program and use apprentices in each covered craft that is used; (2) make payments to the fund; or (3) make specified payments directly to a registered apprenticeship program. Payments to the fund are determined by the Secretary of Labor, Licensing, and Regulation, but they may not exceed $0.25 per hour for each of the contractor's or subcontractor's employees working on the project. If a contractor or subcontractor makes payments directly to an apprenticeship program that are less than those required by the bill, the contractor must pay the difference to the fund.

Employment Safety Provisions

Senate Bill 818 ***(passed)*** codifies an existing practice by establishing a Voluntary Protection Program in the Division of Labor and Industry of DLLR to encourage participating employers to have exemplary worker safety and health programs. Under the program, the Commissioner of Labor and Industry must recognize employers that have voluntarily implemented exemplary worker safety and health management systems that exceed basic compliance with occupational safety and health laws and regulations. An employer must submit an application to the commissioner to participate in the program. While an employer is a participant in the program, the employer's place of employment is exempt from occupational safety and health inspections to the extent allowed by federal law and regulations, unless the need arises from complaints, referrals, catastrophes, fatalities, accidents, or significant toxic chemical releases.

Alcoholic Beverages (Statewide)

Class 5 Breweries

For the past several years, craft brewers in the State have backed legislation to increase the amount of beer they may sell for on-premises consumption in their taprooms. They have been opposed by beer wholesalers and retailers, who have feared that their businesses would suffer as a result.

Of the several bills addressing this issue, the sides reached agreement on ***House Bill 1283 (passed)*** that applies to all Class 5 breweries, which include both small craft breweries and a large Guinness brewery scheduled to open in Baltimore County. The bill does not apply to pub-breweries, micro-breweries, or farm breweries.

The bill increases, from 500 barrels to 2,000 barrels, the amount of beer a Class 5 brewery may sell for on-premises consumption each year. The brewer may apply for permission to sell an additional 1,000 barrels per year, provided any beer sold in excess of the 2,000 barrels is first purchased by the brewer from a licensed wholesaler.

The bill also authorizes a Class 5 brewery to contract to brew and bottle beer with and on behalf of another Class 5 brewery or holder of a Class 2 rectifying license, Class 7 micro-brewery license, Class 8 farm brewery license, or nonresident dealer's permit. Contract beer that is sold for on-premises consumption at a Class 5 brewery may not exceed the greater of 25% of the total number of barrels of beer sold annually for on-premises consumption or 1.2% of total finished production under the Class 5 brewery license.

Also, the bill alters the hours during which the sales and serving privileges of an on-site consumption permit may be exercised for specified Class 5 breweries. For license holders who obtain an on-site consumption permit after April 1, 2017, the hours of sale for on-site consumption extend from 10 a.m. until 10 p.m., Monday through Sunday. Class 5 breweries, who obtained licenses before April 1, 2017, are exempt from the bill's stated hours of sale and will continue to operate under the longer hours established in each local jurisdiction.

Finally, the bill requires the Comptroller to report annually for five years to specified committees of the General Assembly concerning the on-site sampling and sale of beer by a Class 5 brewery and requires breweries to provide the Comptroller with the information needed to prepare this annual report.

Liquor Board Reform

In an effort to address recent ethical situations involving public officials and members of local boards of license commissioners, the General Assembly considered multiple statewide and local bills to establish liquor board reform and improved accountability.

House Bill 1386 ***(passed)*** applies the requirements of the Maryland Public Ethics Law to members and employees of local boards of license commissioners and local liquor control boards by designating that these individuals are "public officials" subject to the Maryland Public Ethics Law. The bill does not apply in counties in which the county councils or board of county commissioners sit as a board of license commissioners or liquor control board. Accordingly, the bill does not apply in Dorchester, Howard, and Kent counties, where the legislative body sits as a board of license commissioners.

House Bill 792 ***(passed)*** requires the Office of Legislative Audits (OLA), at any time on request of both Presiding Officers, to conduct a performance audit of a local alcoholic beverages licensing board to evaluate the effectiveness and efficiency of the management practices of the board and the economy with which the board uses resources.

Specific liquor board reform provisions pertaining to Prince George's County are discussed under Local Alcoholic Beverages Laws of this Part H.

Nonrefillable Containers

In recent years, legislation passed by the General Assembly has enabled local licensing boards in multiple jurisdictions to issue refillable container permits to liquor stores, restaurants, and bars to sell draft beer for off-premises consumption in refillable containers commonly called "growlers." ***Senate Bill 491***/***House Bill 292*** ***(both passed)*** establish a nonrefillable container permit in the State. The permit authorizes the sale of draft beer for off-premises consumption by packaging the beer in a disposable, nonrefillable container that meets specified standards. The permit may be issued by a local board of license commissioners in the same jurisdictions that authorize the sale of draft beer in refillable containers.

Class 8 Farm Breweries

Senate Bill 210 ***(passed)*** authorizes the holder of a Class 8 farm brewery license to sell or serve any type of food if the license holder is also licensed to operate a food establishment in the State. The license holder must meet the same ratio of gross receipts between food and alcoholic beverages sales as a holder of a Class D beer and wine license or an equivalent license in the jurisdiction, as determined by the local licensing board.

Definition of Beer

"Hard cider" is a beverage derived primarily from apples, apple concentrate and water, pears, or pear concentrate and water. ***Senate Bill 281*** ***(passed)*** increases, from 7.0% to 8.5%, the maximum alcohol by volume that hard cider may have to be defined as "beer" under the Alcoholic Beverages Article.

Family Beer and Wine Exhibition Permits

House Bill 464 ***(passed)***, an emergency bill, alters an existing national family beer and wine exhibition permit to be a national beer, wine, and liquor exhibition permit that may be issued to a bona fide alcohol trade association. This altered permit authorizes an exhibition and competition in the same manner as the family beer and wine exhibition permit.

Wine Sold Under Beer and Wine License

A family beer and wine facility permit authorizes the holder to (1) establish a facility to produce family beer or wine by a consumer who is of legal drinking age but does not have a license and (2) provide equipment, raw materials, and instructions to a consumer. ***Senate Bill 1138*** ***(passed)*** repeals a provision that prohibited the holder of a family beer and wine facility permit from simultaneously holding another alcoholic beverages license.

Direct Wine Shipper's Permit

A person must be issued a direct wine shipper's permit by the Comptroller's Office before the person may engage in shipping wine directly to a consumer in the State. ***House Bill 987*** ***(passed)*** requires a person that applies to obtain or renew a direct wine shipper's permit to identify the wines manufactured by the applicant that the applicant intends to ship into the State.

Chapter 41 of 2016 recodified the laws of the State that related to alcoholic beverages. During the recodification, references to "wine" were in some cases substituted for "light wine" if a county allowed license holders to sell wine with a maximum alcohol content of up to 22% or 23%. Various provisions that redefined light wine to contain no more than 22% or 23% alcohol by volume were then deleted as surplusage. ***House Bill 252*** ***(passed)*** restores the limits by clarifying that a beer and wine license holder in Baltimore, Caroline, Carroll, Cecil, Dorchester, Frederick, Garrett, Harford, Kent, Montgomery, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, and Worcester counties may not sell wine that contains more than 22% alcohol by volume and that a license holder in Harford County may not sell wine that contains more than 23% by volume. The bill also defines "liquor" to have the same meaning as "distilled spirits," as that term is used in the Tax-General Article.

Class 1 Distilleries

A Class 1 distillery license authorizes the establishment and operation of a plant for distilling brandy, rum, whiskey, alcohol, and neutral spirits at the location described in the license. It also authorizes the sale and delivery of those alcoholic beverages, with specified restrictions. ***House Bill 42*** ***(passed)*** authorizes a Class 1 distillery license holder to rectify, blend, and bottle specified alcoholic beverages at the location described in the license. A Class 1 distillery license holder may acquire alcoholic beverages from the holder of a manufacturer's license, wholesaler's license, or nonresident dealer's permit for use in manufacturing. The bill alters the samples that a Class 1 distillery license holder may serve to specified individuals. A license holder may sell 2.25 liters, instead of three 750-milliliter bottles, of products manufactured on the licensed premises for off-premises consumption. Additionally, the bill expands the Class 1 distillery license holder's hours for on-premises consumption.

Alcoholic Beverages

Local Bills

Allegany County

Sunday Sales: ***House Bill 1096*** ***(Ch. 145)*** authorizes the sale of alcoholic beverages for off-premises consumption on Sundays for certain Class B, Class C, and Class D licenses. The Act also extends the hours during which alcoholic beverages may be sold on a Sunday for certain Class A and Class C licenses. Finally, the Act repeals a requirement that an establishment with a Class D beer and wine (BW) or a Class D beer, wine, and liquor (BWL) license be a restaurant in order to sell alcoholic beverages on a Sunday.

Anne Arundel County

Class H Beer and Light Wine Licenses: ***Senate Bill 897*** ***(Ch. 92)*** allows the Board of License Commissioners for Anne Arundel County to issue up to five Class H beer and light wine licenses to a single license holder. The Act also clarifies that the board may issue any Class H license as a second license to the holder of any Class B license that has a restriction prohibiting sales for consumption off the premises or to the holder of any Class H license.

Class B Beer, Wine, and Liquor Licenses: ***Senate Bill 1088*** ***(Ch. 99)*** codifies current practices by altering the eligibility requirements to obtain a Class B BWL license. Specifically, the license may only be issued for use by a restaurant that has ample space and accommodations to regularly prepare, sell, and serve hot meals at least twice per day; is equipped with a public dining room with sufficient tables, chairs, cutlery, and glassware to serve the meals prepared by the restaurant; is equipped with a kitchen that has complete facilities and utensils for preparing and serving hot and cold meals; and employs a sufficient number of staff to accommodate customers.

Board of License Commissioners Attorney: ***Senate Bill 374***/***House Bill 554*** ***(both passed)*** increase, from $20,000 to $60,000, the annual salary of the attorney for the Anne Arundel County Board of License Commissioners. The bills also authorize the board to hire a contractual attorney to perform work that the attorney employed by the board is unable to perform due to a conflict of interest; however, the board may not spend more than $30,000 a year to hire a contractual attorney.

Baltimore City

Marketplace License: ***Senate Bill 479/House Bill 289*** ***(both passed)*** establish a marketplace license in the 40th alcoholic beverages district. The Baltimore City Board of License

Commissioners may issue the license only to a person, firm, or corporation that owns or leases the marketplace. The marketplace premises must accommodate the public and be equipped with five or more food service outlets that provide specified seating areas to patrons. The license authorizes a holder to sell BWL from one or more outlets within the marketplace by the drink or by the bottle, for on-premises consumption. The annual license fee is $6,000.

Old Goucher Revitalization District: ***Senate Bill 384*** ***(Ch. 81)*** authorizes the Baltimore City Board of License Commissioners to issue four Class B-D-7 licenses in the Old Goucher Revitalization District located within the 43rd alcoholic beverages district and one Class B-D-7 license in the 100 block of North Avenue in the 45th alcoholic beverages district. An application for the issuance, transfer, or renewal of a specified license is exempt from specified zoning and distance restrictions. A Class B-D-7 license that is issued for use in the Old Goucher Revitalization District may be transferred within the Old Goucher Revitalization District but may not be transferred outside of the district.

Beer, Wine, and Liquor Tasting License: ***Senate Bill 998/House Bill 837*** ***(both passed)*** authorize the Baltimore City Board of License Commissioners to issue a Class BWLT beer, wine, and liquor tasting (on-premises) tasting license to a holder of a Class A BWL license in ward 12, precinct 3 of the 43rd legislative district. The license authorizes a licensee to allow on-premises consumption of beer, light wine, and liquor for tasting.

Forty-sixth District Alcoholic Beverages Act of 2017: ***House Bill 1348*** ***(passed)*** establishes a public market license for use in an enclosed public market in ward 23, precinct 1 of the 46th alcoholic beverages district. The license holder may designate vendors in the public market to sell beer, wine, and liquor when served as an ingredient in mixed drinks that may be purchased for at least $5 each. The bill also authorizes the Baltimore City Board of License Commissioners to grant an off-sale privilege to the holder of an arena license for a premises located in the 3300 block of Annapolis Road. The bill authorizes the board to issue a Class B BWL license for a restaurant in the Port Covington Area and up to five Class B BWL licenses for use by establishments in the Locust Point area. Finally, the bill establishes an expiration date for a license in the 46th alcoholic beverages district and authorizes another license in the 46th alcoholic beverages district to be transferred to another owner and location.

Transfer of License – Hardship Extension: ***Senate Bill 1122*** ***(passed)*** authorizes the Baltimore City Board of License Commissioners to extend the 180-day period within which an approved alcoholic beverages license transfer must be completed if the board finds that an existing hardship has caused a delay. An extension may not prolong completion of the transfer beyond 270 days after the board approves the transfer.

Hours of Sale: ***House Bill 1136*** ***(passed)*** sets the period between 9 a.m. and 9 p.m. as the hours of sale for Class B-D-7 beer, wine, and liquor stores in the area bounded by Liberty Heights Avenue, Northern Parkway, Druid Park Drive, and Wabash Avenue. The bill also states that the hours of sale for a Class B-D-7 store may not be extended if they begin later than 9 a.m. or end before 9 p.m.

Baltimore County

Issuance of Licenses Near Places of Worship:* *Senate Bill 559/House Bill 436* *(both passed) add an additional exception to the prohibition against issuing an alcoholic beverages license to an establishment within 300 feet of a place of worship. The bills authorize the transfer of a Class B BWL license or a Class D BWL license that meet specified qualifications to an establishment that is (1) in a free-standing building with its own parking lot; (2) zoned BL-CCC and in compliance with any applicable zoning ordinance; and (3) at least 100 feet from a place of worship. On the date of transfer, the license must be converted into a newly established Class B BWL (on-sale) service bar commercial revitalization district license (Class B-SB-CRD license). The authorization does not apply to a license that is otherwise prohibited from being transferred by statute or regulation.

Calvert County

Board of License Commissioners – Notice and Hearing on Proposed Legislation: House Bill 1423 (passed) requires the Calvert County Board of License Commissioners, at least three months before submitting a legislative proposal to the Calvert County Delegation for introduction as a bill in a General Assembly session, to (1) post notice of the legislative proposal on the board's website; (2) send an email notice of the proposal to each license holder in the county; and (3) hold a public hearing on the proposal in the county. The bill's requirements do not apply to a legislative proposal submitted to the county delegation for introduction as an emergency bill.

Cecil County

Beer, Wine, and Liquor Tasting License: Senate Bill 816/House Bill 1201 (both passed) establish a beer, wine, and liquor tasting (BWLT) license and authorize the Board of License Commissioners for Cecil County to issue a BWLT license to the holder of a Class A BWL license or a Class B BWL license. A BWLT license authorizes the holder to allow the on-premises consumption of beer, wine, and liquor for tasting within specified limits. The license may be issued for (1) any 26 days in a licensing period for $125; (2) any 52 days in a licensing period for $200; or (3) for the entire one-year licensing period for $400.

Charles County

Alcohol Awareness Certification: House Bill 710 (passed) requires that an alcoholic beverages license holder or a supervisor be certified by an approved alcohol awareness program and be present on the licensed premises at all times when alcoholic beverages may be sold. The bill specifies that a license holder who violates the bill's requirements is subject to, for a first offense, a $100 fine. For each subsequent offense, the license holder is subject to a fine of up to $500 or a suspension/revocation of the license, or both.

Selling to Underage Individual – Penalties: House Bill 712 (Ch. 138) authorizes the Board of License Commissioners for Charles County to determine the fine imposed on an alcoholic beverages license holder for the first violation of a specified provision of the Alcoholic Beverages

Article that prohibits the selling or providing of alcoholic beverages to an individual under age 21, by a license holder or an employee of a license holder.

Frederick County

Sunday Sales: ***Senate Bill 198/House Bill 178*** ***(Chs. 71 and 72)*** alter the starting time for Sunday sales of alcoholic beverages for certain license holders from 11 a.m. to 10 a.m. The extension of hours applies for 12 types of Class A, Class B, and Class C alcoholic beverages licenses.

Restaurants – Average Daily Receipts: ***Senate Bill 453/House Bill 646*** ***(Chs. 73 and 74)*** require an alcoholic beverages license holder to have average daily receipts from the sale of food of at least 40% of the total average daily receipts in order to qualify as a restaurant. The average daily receipts requirement does not apply to sales after 10 p.m.

Beer and Wine Licenses – Barbershops: ***Senate Bill 209/House Bill 179*** ***(both passed)*** establish a barbershop BW license. The bills authorize the Frederick County Board of License Commissioners to issue the license to a holder of a barbershop business permit. The license holder may provide up to five ounces of beer or wine for on-premises consumption by a specified barbershop customer during normal business hours up to 9 p.m. Beer or wine may be served when the customer is being provided with certain services.

Garrett County

Licenses and Sunday Sales: ***House Bill 929*** ***(Ch. 144)*** (1) adds Sunday off-sales privileges for Class A BWL and Class BDR (deluxe restaurant) BWL license holders; (2) adds Sunday on-sale privileges for holders of a Class B license, Class B&B license, Class BDR license, Class B resort license, Class C license, multiple day or multiple event license, and Class D license; (3) extends the Sunday hours of sale of specified licenses from 1 p.m. through 10 p.m. to 10 a.m. through midnight; (4) authorizes the Comptroller to issue a Class 9 limited distillery license to a holder of a Class B license with on-sale privileges for BWL and an off-sale privilege for beer; and (5) makes additional changes pertaining to the eligibility, privileges, hours of sale, and application procedure for specified licenses.

Harford County

Waiver From School Distance Restrictions: ***Senate Bill 1171/House Bill 795*** ***(both passed)*** authorize the Board of License Commissioners for Harford County to waive specified distance restrictions prohibiting the issuance of an alcoholic beverages license near a public or private school building and issue a Class B (on-sale) restaurant license, or a Class B cafe license, on a case-by-case basis. The bills require a public hearing to be held by the governing body of the municipality or county where the restaurant is located and requires the governing body to make a recommendation to the board on the issuance of the license. The bills require the board to then hold another public hearing. When making its decision, the board must consider (1) the recommendation from the governing body; (2) comments received from parents whose children attend the public or private school; and (3) comments made at the public hearing held by the board.

Publication of Notices: ***Senate Bill 1010/House Bill 1008*** ***(Chs. 97 and 98)*** require the Board of License Commissioners for Harford County to publish notice of a hearing for an alcoholic beverages license application two times in two successive weeks (1) in one newspaper of general circulation published in the county and (2) on the board's website. The bills also require the board to publish its decision on an application for a new license, an upgrade of an existing license, or a change in location of an existing license (1) in one newspaper of general circulation published in the county and (2) on the board's website.

Common Direct or Indirect Sharing of Profit: ***Senate Bill 1177/House Bill 485*** ***(both passed)*** repeal the presumption that a common direct or indirect sharing of profit from the sale of alcoholic beverages constitutes an indirect ownership interest in an alcoholic beverages license for the purpose of enforcing the general prohibition against a person having an interest in more than one alcoholic beverages license.

Howard County

Thresholds for Tasting: ***House Bill 797*** ***(Ch. 140)*** doubles the per offering and daily total volume limit of beer and wine that may be served to an individual under a beer and wine tasting license, as well as the per offering and daily total volume limit of BWL that may be served to an individual under a BWLT license. The maximum serving amounts are for beer, 6.0 ounces per offering and 16.0 ounces in a day; for wine, 2.0 ounces per offering and 8.0 ounces in a day; and for liquor, 0.5 ounces per offering and 2.0 ounces in a day.

Montgomery County

Contracts to Sell Liquor for Off-premises Consumption: A person who wants to purchase liquor for off-premises consumption must generally buy the liquor from a dispensary that is run by the Montgomery County Department of Liquor Control (DLC). ***House Bill 315*** ***(passed)*** expands the authority of DLC to contract with a person to operate a retail outlet for the sale of liquor for off-premises consumption. Specifically, DLC may contract with any person that holds a license to sell alcoholic beverages for off-premises consumption or for on- and off-premises consumption. DLC must establish criteria for contracting with retail outlets and repeals a limitation on the products that may be sold by a retail outlet that contracts with DLC.

Tasting at Dispensaries: ***House Bill 306*** ***(Ch. 127)*** authorizes county-operated dispensaries to hold on-premises tastings of beer, wine, and liquor. A dispensary may sell beer, wine, and liquor for tasting purposes from its own inventory, and once a bottle is opened, it must be marked that it may be used for tasting purposes only.

Limited Distilleries – Class B and Class D Licenses: 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 certain conditions. ***House Bill 307*** ***(Ch. 117)*** authorizes a holder of a Class B BWL (on-sale) license or a Class D BWL (on-sale) license to be issued a Class 9 limited distillery license to sell the distilled products for on- and off-premises consumption.

Beer, Wine, and Liquor Festival License: ***House Bill 309*** ***(passed)*** establishes the Montgomery County Beer, Wine, and Liquor Festival. The bill allows the Montgomery County DLC to issue a festival license to a licensed alcoholic beverage retailer to display and sell beer, wine, and liquor that is distributed in the State. The bill also establishes various requirements and limitations regarding the festival and the nonprofit organization selected to organize the festival. The festival organization must choose the weekends and location to hold the festival. The location chosen may or may not be already licensed. The festival organization must also ensure that the primary focus of the festival is the promotion of Maryland beer, wine, and liquor.

Class H Beer and Wine Licenses: State law generally limits the number of alcoholic beverages licenses that may be issued to a single license holder. In Montgomery County, additional Class B BWL licenses may be obtained under specified conditions; however, a license holder may not hold more than 10 such licenses altogether. ***House Bill 311*** ***(Ch. 128)*** specifies that this 10 license limit may include 1 or more Class H BW licenses, in addition to one or more Class BD-BWL licenses as provided under current law.

Class 7 Micro-breweries: A Class 7 micro-brewery license authorizes the license holder to brew up to 22,500 barrels of malt beverages each year. ***House Bill 397*** ***(passed)*** authorizes the holder of a Class 7 micro-brewery license to (1) brew in two locations using the same Class 7 license; and (2) obtain a Class 2 rectifying license for the premises at the two locations authorized under the Class 7 license. To brew in two locations, the holder of a Class 7 micro-brewery license must request and obtain permission from the Comptroller by submitting a written application.

Hours of Sale: ***House Bill 560*** ***(Ch. 130)*** authorizes the holder of a Class B BWL license or a Class B BWL (H-M) license to sell alcoholic beverages for one additional hour on a Monday that the federal government has designated as a public holiday. Specifically, the Act repeals the existing list of holidays that include the additional hour of sales and authorizes alcoholic beverages to be sold on a Sunday from 10 a.m. to 3 a.m. the following day when that following day is designated as a federal public holiday.

Prince George's County

Alcoholic Beverages Regulation: ***Senate Bill 488***/***House Bill 1317*** ***(both passed)*** alter the appointment process for the Board of License Commissioners for Prince George's County by requiring the County Executive to appoint members to the board, instead of the Governor, subject to confirmation by the Senate. The bills also limit the number of terms a board member may serve to three, expand ethics rules for the board by establishing additional conflict of interest and disclosure rules for board members, and apply the county public ethics law to board employees. The bills specify certain types of experience that each member must have. Further, the bills subject board activities to the State Public Information Act, establish complaint and investigation procedures, and require the Office of Legislative Audits to conduct regular performance audits of board operations. Further, the County Executive must hire an outside professional consultant to review board procedures and submit a report to the County Executive, County Council, and the County delegations to the State Senate and House of Delegates.

Queen Anne's County

Alcoholic Beverages Inspectors:* *Senate Bill 819*/*House Bill 729* *(Chs. 90 and 91) expand the duties of an alcoholic beverages inspector and prohibit an individual from qualifying or continuing to serve as an alcoholic beverages inspector if the inspector or any member of the inspector's immediate family has a personal or financial interest, directly or indirectly, in an alcoholic beverages license, a license holder, or premises for which an alcoholic beverages license is issued. The Acts also require an inspector to take an oath required by the Maryland Constitution and clarify that the inspector has no power of arrest. The Acts also require the County Sheriff's Office to enforce the statewide prohibition against a license holder selling or providing alcoholic beverages to an individual under the age of 21.

Sale of Liquor by Class 9 Limited Distilleries:* *Senate Bill 820*/*House Bill 47* *(Chs. 88 and 89) authorize the holder of a Class D BWL license, who also holds a Class 9 limited distillery license, to sell liquor distilled at the location described in the license for off-premises consumption. A holder of a Class D BWL and a Class 9 limited distillery license may sell BWL for on-premises consumption but is prohibited from selling beer for off-premises consumption.

St. Mary's County

Art Establishment License:* *House Bill 526* *(passed) authorizes the St. Mary's County Board of License Commissioners to issue an art establishment license to a for-profit retail business engaged in the display, sale, or demonstration of original art by an artist or group of artists; or the instruction of participating clients in creating art. The holder may sell or serve beer and wine at retail for on-premises consumption.

Beauty Salon License:* *House Bill 538* *(passed) authorizes the St. Mary's County Board of License Commissioners to issue a beauty salon BW license to a holder of a beauty salon permit. The license authorizes the license holder to sell or serve up to two 12-ounce offerings of beer or two 5-ounce offerings of wine for on-premises consumption by a beauty salon customer undergoing specified cosmetology services. Beer and wine may be provided during normal business hours but no later than 9 p.m.

Washington County

Alcoholic Beverages – Penalties:* *Senate Bill 837*/*House Bill 1480* *(both passed) alter the penalties for violation of the prohibition on selling or providing alcoholic beverages to an individual under the age of 21. Specifically, the bills impose a $2,500 maximum fine on a license holder and authorize the Washington County Board of License Commissioners to suspend or revoke the license. For an employee of a license holder, the maximum fine is set at $200 for a first offense and $500 for each subsequent offense. In addition, the bills make a violation a misdemeanor.

Class CT (Cinema/Theatre) License:* *Senate Bill 492*/*House Bill 1430* *(both passed) expand the days on which a Class CT (cinema/theater) license holder may exercise the privileges of the license from one day per week (Thursday) to Monday through Saturday, as well as Sunday if the license holder is issued a separate Sunday permit. The bills clarify that the cinema or theater structure applicable to the Class CT license must be a stand-alone building. Finally, the bills repeal a sunset provision regarding Class CT licenses.

Wineries – Special Event Permits: ***Senate Bill 620*** ***(passed)*** establishes a special event permit that the Washington County Board of License Commissioners may issue to a holder of a Class 3 winery license or a Class 4 limited winery license. The permit authorizes the holder to sell (for on-premises consumption) beer, wine produced by the holder, and (1) liquor at an event for which the entire licensed premises has been rented, or (2) an event that the board approves. A license holder must notify the board at least one week in advance before the event covered by the permit is to occur. The permit may be used by an individual license holder no more than 60 times in a year.

Hotel and Motel Licenses: ***Senate Bill 1039/House Bill 1450*** ***(both passed)*** alter the privileges of a Class B BWL license issued to a hotel or motel. Specifically, the bills authorize a license holder who was issued the license with an existing off-sale privilege, on or before June 30, 2016, and operated a retail store on the licensed premises since at least June 30, 2016, to sell alcoholic beverages for both on- and off-premises consumption. The license is restricted to on-premises consumption for all other license holders. The bills also require a license holder to notify the Washington County Board of License Commissioners prior to constructing or altering an area on the licensed premises where beer, wine, and liquor are sold.

Worcester County

Ocean City Convention Center – Beer and Wine Tasting License: ***Senate Bill 1102*** ***(passed)*** establishes a one-day beer and wine tasting license that may be issued to an organization representing local governments in the State for the primary purpose of promoting products and businesses from across the State. The Worcester County Board of License Commissioners may not issue more than two licenses per year, and an organization may only apply for one license per year. The license authorizes the holder to allow the on-premises consumption, for tasting, of beer or wine in specified quantities on the premises of the Ocean City Convention Center, with the approval of the management of the convention center. An individual who serves beer or wine must complete specified alcohol awareness training.

Part I
Financial Institutions, Commercial Law, and Corporations

Financial Institutions

Commissioner of Financial Regulation and State Collection Agency Licensing Board – Licensees

Participation in Automated Licensing System

State law authorizes the Commissioner of Financial Regulation to participate in a multistate automated licensing system for mortgage lenders, mortgage originators, and persons who engage in money transmission. Check cashers, consumer lenders, debt management companies, installment lenders, credit service businesses, and sales finance companies are all required to be licensed through the commissioner and must provide specified information as well as pay any applicable fees for licensure to the commissioner. However, the commissioner is not explicitly authorized to participate in a licensing system such as the Nationwide Mortgage Licensing System and Registry (NMLS) for those categories of licensees, or for collection agencies which are licensed by the State Collection Agency Licensing Board. State law also requires mortgage lenders, check cashers, debt management services, and money transmitters to undergo national and State criminal history records checks as part of the licensing process.

House Bill 182 ***(passed)*** requires seven categories of licensees (check cashers, collection agencies, consumer lenders, debt management companies, installment lenders, credit service businesses, and sales finance companies) to register with NMLS, obtain and maintain a valid unique identifier issued by NMLS, and transfer existing licensing information to NMLS on or after July 1, 2017. The bill also (1) establishes that licenses generally are valid for one-year terms; (2) eliminates the requirement for a State criminal history records check for mortgage lenders, check cashers, debt management services companies, and money transmitters; (3) alters application requirements and fees for certain licensees; (4) establishes a process for renewing or surrendering a license for certain licensees; and (5) authorizes the commissioner to share information about licensees with certain State and federal regulatory officials.

Surety Bond Requirements

Senate Bill 924 ***(passed)*** standardizes surety bond requirements (except for the amounts of the bonds) for the following financial services entities required to be licensed by or registered with the Commissioner of Financial Regulation or the State Collection Agency Licensing Board: (1) collection agencies; (2) consumer lenders; (3) mortgage lenders; (4) money transmitters; (5) debt management companies; and (6) debt settlement companies. The standardized requirements relate to the issuance and cancellation of a bond, claims against a bond, and the liability of a surety. The bill also authorizes certain penalties imposed against a licensee or registrant to be collected and paid from the proceeds of a bond.

Banking Institutions

The Commissioner of Financial Regulation is responsible for chartering and supervising State-chartered banks, credit unions, and trust companies. Under Maryland law, the business and affairs of a State-chartered commercial bank must be managed by a board of directors, and each bank must have at least 5 and not more than 30 directors. A majority of the directors of a State-chartered commercial bank must be residents of the State. ***Senate Bill 206***/***House Bill 718*** ***(both passed)*** reduce the percentage of the directors of a State-chartered commercial bank who are required to be residents of the State from a majority to at least 30%.

Maryland Financial Consumer Protection Commission – Establishment

Senate Bill 884 ***(Ch. 18)*** establishes the Maryland Financial Consumer Protection Commission. The commission consists of legislators, the Maryland Attorney General or the Attorney General's designee, and representatives of relevant interest groups, and is staffed by the Department of Legislative Services. The Act requires the commission to (1) assess the impact of potential changes to federal financial industry laws and regulations, budgets, and policies, including changes to specified federal financial regulators as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act and (2) provide recommendations for federal and State actions that will protect residents of the State in financial transactions and when receiving financial services. The commission must submit two reports on its findings and recommendations to the Governor and the General Assembly, one on or before December 31, 2017, and the second on or before December 31, 2018.

Commercial Law – Generally

Antitrust Law

The Maryland Antitrust Act is designed to promote fair and honest competition, free of conspiracies, combinations, or agreements which unreasonably restrain trade or commerce. The State's antitrust laws are complementary to the federal Sherman Antitrust Act. A person whose business or property has been injured or threatened with injury by a violation of the State's antitrust provisions may maintain an action for damages, an injunction, or both against any person who committed the violation. The United States, the State, or any of the State's political subdivisions may bring an action, regardless of whether it dealt directly or indirectly with the person who violated the State's antitrust provisions. Although, the U.S. Supreme Court held that indirect purchasers may not recover from the antitrust violator under federal antitrust laws in *Illinois Brick Co. v. Illinois*, 431 U.S. 720 (1977, the court held that federal antitrust law did not preempt state antitrust laws in *California v. ARC America Corp.*, 490 U.S. 93 (1989). Therefore, states are free to authorize suits by indirect purchasers if they so desire. In Maryland, generally, only governmental entities may recover damages as indirect purchasers. ***Senate Bill 858*/*House Bill 1415* (both passed)** authorize any person, whose business or property has been injured (or threatened with injury) by an antitrust violation, to maintain an action for damages, an injunction, or both, against any person who committed the violation regardless of whether the injured person dealt directly or indirectly with the person who committed the violation.

Credit Regulation

A revolving "open end" credit plan is a plan in which the credit grantor permits the borrower to make multiple purchases or loans over time. The amounts are charged to the borrower's account, and the borrower is allowed to pay the amounts charged over time. The credit grantor, in turn, may charge interest or finance charges on the amounts due under the plan. For example, a credit card is generally considered a revolving, open end credit plan.

According to the Pew Charitable Trusts, in recent years, payday loan companies have shifted toward installment lending, rather than lump-sum loans. Although Pew notes that giving consumers more time to repay in installments is a positive step, the cost can nevertheless be very high, with annual percentage rates commonly reaching 400% and higher. ***Senate Bill 527*/*House Bill 1270* (both passed)** limit fees and charges for unsecured open end credit plans offered by specified credit grantors, when combined with any interest charged, to an effective rate of 33% per annum simple interest.

"Closed end credit" is defined as the extension of credit to a borrower under an arrangement or agreement which is not a revolving credit plan. Both current State and federal law require a mortgage lender to make specified disclosures regarding closed end credit agreements. The Commissioner of Financial Regulation advises that the federal disclosure requirements render the Maryland disclosures duplicative and of no added value to borrowers. ***Senate Bill 392* (passed)** establishes that mortgage loan estimate disclosures and mortgage closing disclosures provided by a mortgage lender to a borrower that comply with applicable federal law satisfy disclosure requirements under Maryland law. The disclosures required for some mortgages, such as reverse mortgages, are not altered under the bill and must continue to abide by State disclosure requirements. Additionally, the Commissioner of Financial Regulation must monitor requirements implemented by the federal Consumer Financial Protection Bureau relating to disclosures provided to borrowers of mortgage loans under federal regulations. The commissioner must notify the Governor and the General Assembly if the commissioner determines that federal disclosure requirements are proposed to be modified (or have been modified) to be less stringent or less consumer friendly.

Commercial Law – Consumer Protection

Fraud and Personal Information Protection

Maryland Personal Information Protection Act

In Maryland, residents reported 8,251 instances of identity theft in 2016, or 137.1 complaints per 100,000 population, ranking Maryland seventh in the nation for identity theft. ***House Bill 974*** ***(passed)*** expands the Maryland Personal Information Protection Act (MPIPA) to impose additional duties on a business to protect an individual's personal information, including requiring a business to take reasonable steps to protect the information of employees or former employees when a business is destroying records that contain personal information.

The bill alters the definition of "encrypted" to mean the protection of data in electronic or optical form using an encryption technology that renders the data indecipherable without an associated cryptographic key necessary to enable decryption of the data. The bill also defines "health information" as any information created by an entity covered by the federal Health Insurance Portability and Accountability Act of 1996 regarding an individual's medical history, medical condition, or medical treatment or diagnosis.

The bill expands the definition of "personal information" to encompass the following data elements: (1) a passport number or other identification number issued by the federal government; (2) a State identification card number; (3) health information, including information about an individual's mental health; (4) a health insurance policy or certificate number or health insurance subscriber identification number in combination with a unique identifier issued by an insurer or an employer that is self-insured that permits access to an individual's health information; and (5) specified biometric data (including data generated by automatic measurements of biological characteristics) of an individual that can be used to uniquely authenticate an individual's identity, as specified. The bill also expands personal information to include a user name or email address in combination with a password or security question and answer that permits access to an individual's email or financial account.

The bill requires a business to take specified actions in the event that an individual's personal information is compromised and the compromise permits access by another to the individual's email account. A violation of the bill's provisions is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions. The bill takes effect January 1, 2018.

Security Freezes

State law defines a "security freeze" as a restriction placed on a consumer's consumer report at the request of the consumer that prohibits a consumer reporting agency from releasing the report, or any information derived from the report, without the authorization of the consumer. A consumer reporting agency may charge a reasonable fee of up to $5 for each placement, temporary lift, or removal of a security freeze. A consumer reporting agency may not charge a fee for a security freeze to a consumer who has obtained a report of alleged identity fraud or for a minor for whom a consumer report already exists. ***Senate Bill 270*/*House Bill 212* (both passed)** prohibit a consumer reporting agency from charging a fee for a placement of a security freeze if the consumer has not previously requested the placement of a security freeze from the consumer reporting agency.

Internet Service Providers

State law does not generally regulate the sale, sharing, or transfer of personally identifying information by an Internet service provider (ISP). However, businesses are required under the MPIPA to take precautions to secure the personal information of customers and to provide notice of information of breaches.

In 2016, the Federal Communications Commission (FCC) adopted rules that required broadband ISPs to protect the privacy of their customers. According to FCC, the rules established a framework of customer consent required for ISPs to use, sell, and share their customers' personal information. The rules separated the use and sharing of information into three categories and included guidance for both ISPs and customers about the transparency, choice, and security requirements for customers' personal information. In early 2017, prior to the rules going into effect, the U.S. Congress approved a resolution of disapproval nullifying the FCC rules. ***Senate Bill 1200* (failed)** would have prohibited an ISP from selling or transferring (for marketing purposes) a consumer's personally identifying information to a person without the consumer's express and affirmative permission. In addition, the bill would have prohibited an ISP from sending or displaying to a consumer an advertisement that has been selected to be sent or displayed (directly and exclusively by the ISP) because of the consumer's browsing history without the consumer's express and affirmative permission.

Maryland Financial Consumer Protection Commission

In response to the 2008 financial crisis, the U.S. Congress enacted the Dodd-Frank Act. The Dodd-Frank Act created a new regulatory umbrella group chaired by the Treasury Secretary (the Financial Stability Oversight Council) with the authority to designate specified financial firms as systemically significant and subject them to increased regulation, including limits on leverage, heightened capital standards, and restrictions on certain forms of risky trading. The Dodd-Frank Act substantially consolidated consumer protection powers that were previously held by seven other federal regulators into a new Consumer Financial Protection Bureau (CFPB). In recent years, different legislation has been introduced in the U.S. Congress to eliminate or significantly alter the structure of CFPB. ***Senate Bill 884* (Ch. 18)** establishes the Maryland Financial Consumer Protection Commission, staffed by the Department of Legislative Services. The commission must (1) assess the impact of potential changes to federal financial industry laws and regulations, budgets, and policies, including changes to specified federal financial regulators as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act and (2) issue recommendations for federal and State actions that are intended to protect residents of the State when conducting financial transactions and receiving financial services. The commission must submit two reports with its findings and recommendations to the Governor and General Assembly by December 31, 2017, and December 31, 2018.

Used Bedding

Although bedding sales have not been regulated under State law since 2008, federal law requires that any mattress containing used stuffing have an attached tag or label with that information. According to the Federal Trade Commission, depending on the state, used mattresses may have a tag that indicates the mattress contains used materials. ***Senate Bill 681*** ***(Ch. 86)*** prohibits a person from recovering bedding that is intended to be sold or offered for sale to a consumer unless the person clearly marks the bedding as used. A person who violates the requirement is guilty of a misdemeanor and, if convicted, is subject to a fine of up to $500.

Door-to-door Sales

A "door-to-door sale" is defined as a sale, lease, or rental of consumer goods or consumer services under single or multiple 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) made pursuant to prior negotiations in the course of a visit by the buyer to a retail business establishment; (2) in which a consumer may rescind under the federal Consumer Credit Protection Act or any regulation adopted under the Act; (3) in which the buyer has initiated 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 has initiated the contact and specifically requests the seller to visit to repair or perform maintenance on the buyer's personal property, except that this exclusion does not apply to sales of additional consumer services or goods in the course of the visit, other than replacement parts for repair or maintenance, as specified; or (6) which pertain to real property sales or rentals, insurance sales, or securities or commodities sales by a registered broker-dealer.

Senate Bill 929/***House Bill 959*** ***(Chs. 93 and 94)*** establish that the Maryland Door-to-Door Sales Act does not apply to a transaction if the transaction is the result of a written change order; the change order must be agreed to by the buyer and the seller and must be a part of a transaction under a contract previously signed by the buyer and the seller. Further, the buyer must furnish the seller a separate, personal statement that is dated, signed in the buyer's handwriting, generally describes the change order, and expressly acknowledges and waives the right to cancel the change order within specified time periods.

The Acts also (1) clarify that, in addition to transactions conducted and consummated entirely by mail or telephone, the Maryland Door-to-Door Sales Act provisions do not apply to transactions conducted and consummated by electronic communications and (2) establish that the Maryland Door-to-Door Sales Act does not apply when, among other specified requirements, the goods or services are needed to meet a bona fide immediate personal emergency of the buyer, including improving the accessibility of the property for individuals who are mobility impaired or otherwise disabled.

Corporations and Associations

Formation of a Holding Company by Merger

The board of directors of a Maryland corporation proposing to consolidate, merge, transfer its assets, or have its stock acquired in a share exchange must generally (1) adopt a resolution declaring that the proposed transaction is advisable and (2) direct that the proposed transaction be submitted for consideration at either an annual or a special meeting of the stockholders. State law requires that notice of the meeting be given by each corporation and state that a purpose of the meeting is to act on the proposed consolidation, merger, share exchange, or transfer of assets. The notice must be given to (1) each of its stockholders entitled to vote on the proposed transaction and (2) each of its stockholders not entitled to vote on the proposed transaction (except the stockholders of a successor in a merger, if the merger does not alter the contract rights of their stock as expressly set forth in the charter). The proposed consolidation, merger, share exchange, or transfer must be approved by the stockholders of each corporation by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter.

Senate Bill 398/House Bill 759 ***(both passed)*** establish a simplified process for the formation of a holding company through the merger of a Maryland parent corporation with or into a direct or indirect wholly owned subsidiary corporation of the Maryland parent corporation. Under the bills, a vote of the stockholders of the parent corporation generally is not necessary to authorize a merger with or into a single subsidiary of the parent corporation if the parent corporation and the subsidiary are the only parties to the merger, a majority of the entire board of directors of the parent corporation approves the merger, and the other conditions specified in the bills are met.

The bills establish the effects of a merger, including its impact on certain rights of the stockholders of the holding company resulting from the merger and the applicability to the holding company of certain voting trusts, proxies, and other agreements of the parent corporation.

Finally, the bills specify that a merger of a parent real estate investment trust with or into a single subsidiary real estate investment trust may be approved in the manner specified for corporations, providing the merger otherwise conforms to statutory requirements.

Maryland General Corporation Law – Miscellaneous Revisions

Senate Bill 481/House Bill 744 ***(both passed)*** establish jurisdictional rules for adjudicating internal corporate claims and prohibit a Maryland corporation with capital stock from imposing liability on a stockholder who is party to an internal corporate claim for attorney's fees or other expenses of the corporation or any other party in connection with an internal corporate claim. An "internal corporate claim" is defined under the bills to mean a claim, including a claim brought by or in the right of a corporation (1) based on an alleged breach by a director, an officer, or a stockholder of a duty owed to the corporation or its stockholders or a standard of conduct applicable to directors; (2) arising under the Corporations and Associations Article; or (3) arising under the charter or bylaws of the corporation. The bills also (1) establish a fee of $20 for the expedited processing of certified lists of charter documents and certain certificates and (2) alter various provisions of the Maryland General Corporation Law relating to the execution of certain charter documents; the certification of beneficial owners of stock; the forfeiture of a corporate charter; the consolidation or conversion of a nonstock corporation; and the qualifications of resident agents of corporations, limited partnerships, and statutory trusts.

Vulnerable Adults under the Maryland Securities Act

Exploitation of a vulnerable adult is a criminal offense in Maryland under § 8-801 of the Criminal Law Article. A person may not knowingly and willfully obtain 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 the intent to deprive the vulnerable adult of the vulnerable adult's property. Penalties for the offense vary based on the value of the property.

The Office of Attorney General Division of Consumer Protection is authorized under Maryland law 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.

***Senate Bill 951*/*House Bill 1149* (both passed)** expand the Maryland Securities Act (MSA) to regulate federal exempt broker-dealers under specified circumstances and prohibit specified business practices under the MSA. The bills impose mandatory reporting requirements for certain individuals who suspect a vulnerable adult is the subject of financial exploitation. The bills authorize specified broker-dealers or investment advisors to impose a delay on disbursements from an account of an eligible adult if financial exploitation is suspected, and provide qualified immunity for those individuals under specified circumstances. The bills define an "eligible adult" as an individual who resides in the State and is at least 65 years old or a vulnerable adult. The bills also establish the Securities Act Registration Fund, administered by the Securities Commissioner, to help fund the costs of administering and enforcing MSA.

Part J
Health and Human Services

Public Health – Generally

Heroin and Opioids

According to the Department of Health and Mental Hygiene (DHMH) 2016 report, *Drug and Alcohol-Related Intoxication Deaths in Maryland*, drug- and alcohol-related intoxication deaths in Maryland increased for the fifth year in a row, totaling 1,259 deaths in 2015 – a 21% increase since 2014 and an all-time high. Of all intoxication deaths, 1,089 deaths (86%) were opioid-related, including deaths related to heroin, prescription opioids, and nonpharmaceutical fentanyl. Opioid-related deaths increased by 23% between 2014 and 2015 and have more than doubled since 2010. Heroin- and fentanyl-related deaths have risen particularly sharply. The number of heroin-related deaths increased by 29% between 2014 and 2015 and has more than tripled between 2010 and 2015. The number of fentanyl-related deaths increased by 83% between 2014 and 2015 and has increased nearly twelvefold since 2012.

On March 1, 2017, the Governor declared a state of emergency in response to the opioid epidemic in the State and announced $50 million in new funding over a five-year period to support Maryland's prevention, recovery, and enforcement efforts. Subsequently, $10 million was included in a supplemental budget for fiscal 2018. On March 31, 2017, the Governor issued an executive order extending the declared state of emergency an additional 30 days (until April 30, 2017).

Numerous bills were introduced during the legislative session to address the opioid epidemic in the State. ***Senate Bill 967*/*House Bill 1329* (both passed)** consolidated several of these bills into one measure. Specifically, as of June 1, 2017, the bills (1) express the intent of the General Assembly that the Judiciary request an appropriation of at least $2 million in additional funding in fiscal 2019 for grants to expand the scope of drug courts; (2) establish that DHMH may take certain actions relating to a controlled dangerous substance registration; (3) authorize local fatality review teams to review nonfatal overdoses; (4) require DHMH to establish crisis treatment centers, a crisis hotline, and disseminate specified opioid use disorder information; (5) require each health care facility and system to make the services of providers who are authorized to prescribe opioid addiction treatment medication, including buprenorphine-containing formulations, available to patients; (6) repeal certification requirements within the Overdose Response Program; (7) require DHMH to establish guidelines for co-prescribing opioid overdose reversal drugs; (8) require the Governor's proposed budget for fiscal 2019 through 2021 to include specified rate adjustments for community behavioral health providers; (9) require hospitals to develop and report certain discharge protocols; and (10) require the Department of Public Safety and Correctional Services and local jails and detention centers to develop plans for substance use disorder treatment. Beginning January 1, 2018, the bills also provide that specified carriers may apply a prior authorization requirement for an opioid antagonist only under specified circumstances. Finally, the bills express the intent of the General Assembly that the additional $10 million in the fiscal 2018 budget be used to implement the bills' provisions.

House Bill 1432 ***(passed)*** requires a health care provider providing treatment for pain, based on the clinical judgment of the provider, to prescribe the lowest effective dose of an opioid and a quantity that is no greater than that needed for the expected duration of pain severe enough to require an opioid that is a controlled dangerous substance, with certain exceptions. A violation of the bill's requirements is grounds for disciplinary action by the appropriate health occupations board. The bill also expresses the intent of the General Assembly that the State Board of Dental Examiners, the State Board of Nursing, the State Board of Physicians, and the State Board of Podiatric Medical Examiners work to educate practitioners to ensure that Maryland residents are aware of the risks associated with opioid drugs.

House Bill 887 ***(passed)*** prohibits certain insurance carriers that provide coverage for substance use disorder benefits under medical or prescription drug benefit from applying a preauthorization requirement for a prescription drug that is used for treatment of an opioid use disorder and that contains methadone, buprenorphine, or naltrexone. For a more detailed discussion of this bill, see the subpart "Health Insurance" within this part of this *90 Day Report*.

Senate Bill 1060**/*****House Bill 1082*** ***(both passed)***, among other provisions, require public schools and institutions of higher education to incorporate educational components that specifically address heroin and opioids and also require each school and institution to store naloxone or other overdose-reversing medication. For a more detailed discussion of these bills, see the subparts "Education – Primary and Secondary" and "Higher Education" within Part L – Education of this *90 Day Report*.

Medicaid

Medicaid Enrollment and Expenditures

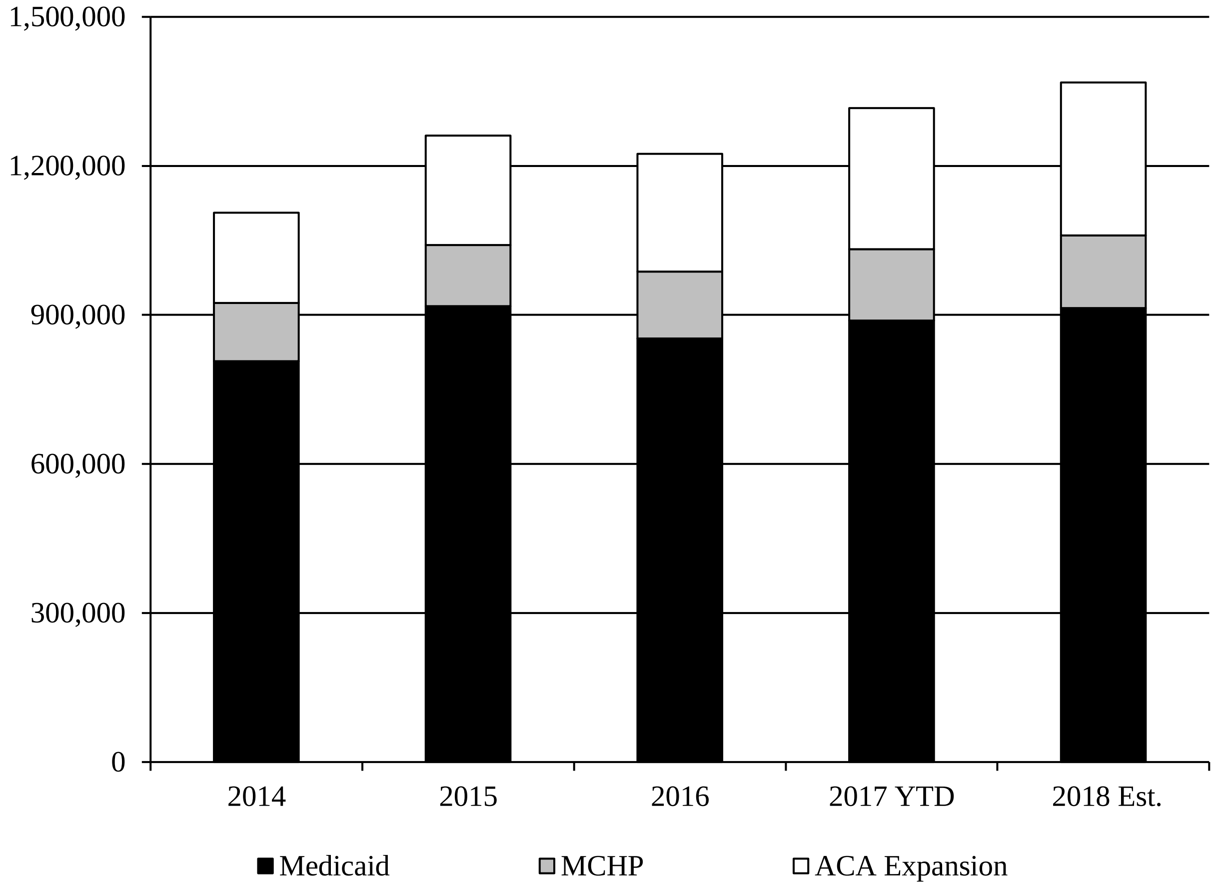
Total spending on Medicaid (both somatic and behavioral health care and including the Maryland Children's Health Program (MCHP)) is expected to reach almost $11.1 billion in fiscal 2018. This represents an increase of $245.5 million, 2.3% over fiscal 2017. This increase is after taking into account fiscal 2017 deficiency funding of $955.1 million, $837.1 million in federal funds. State funding for Medicaid is expected to be $4.2 billion in fiscal 2018, an increase of $192.8 million, or 4.9%, over fiscal 2017.

Federal fund support for Medicaid, $6.9 billion in fiscal 2018, comprises 62.4% of total expenditures. This is primarily due to the enhanced federal match received for individuals covered as a result of the State's decision to expand Medicaid effective January 1, 2014, as authorized by the federal Affordable Care Act (ACA). In fiscal 2018, the federal government will cover 94.5% of the costs associated with that enrollment group.

The combination of the impact of the Great Recession, the State's decision to expand Medicaid enrollment to parents and caregivers of children enrolled in Medicaid in fiscal 2009, and the more recent expansion afforded by the ACA has resulted in a more than doubling of Medicaid and MCHP enrollment between fiscal 2008 and 2017 year-to-date through February 2017. Over the same time period, overall population growth has been only 7.1%.

As shown in **Exhibit J-1**, Medicaid and MCHP enrollment actually fell between fiscal 2015 and 2016, a result of eligibility redetermination problems beginning in March 2015. However, enrollment has since rebounded and is now over 1.3 million. It is expected that enrollment will continue to grow in fiscal 2018 to just under 1.4 million. Recent growth has been fueled by the ACA expansion population, 19.9% over fiscal 2016, compared to 4.2% growth in the traditional Medicaid population and 7.5% overall. As of February 2017, almost 300,000 Medicaid enrollees fell into this enrollment category. In fiscal 2018, enrollment growth in the ACA expansion population is again expected to be higher than the traditional Medicaid population, although overall enrollment growth is expected to moderate to 3.9% over fiscal 2017 year-to-date.

Exhibit J-1
Medicaid and MCHP Enrollment
Fiscal 2014-2018 Est.



ACA: Affordable Care Act
MCHP: Maryland Children's Health Program
YTD: Year to date

In addition to accommodating projected enrollment growth, notable areas of growth in the fiscal 2018 budget include:

- $111.2 million total funds for various rate assumptions including 2.0% for community providers and nursing homes and 1.1% for managed care organizations; and

- an additional $84.1 million in general fund support to cover the State's growing responsibility for the ACA expansion population.

However, based on various assumptions used in the budget, in particular around inpatient expenditures and the extent of pharmacy rebates, the Department of Legislative Services (DLS) is currently projecting significant general fund deficits in the Medicaid program: $64.2 million in fiscal 2017 and $109.1 million in fiscal 2018.

Medicaid-related Legislation

DHMH's Board of Review is a seven-member board appointed by the Governor with the advice and consent of the Senate that has the authority to hear appeals from decisions of the Secretary of Health and Mental Hygiene in contested cases regarding an individual's eligibility for or participation in Medicaid. ***House Bill 127*** ***(Ch. 103)*** repeals the board and makes conforming changes. The board may no longer accept any new cases beginning June 1, 2017. If a petition for judicial review is filed in circuit court, the Office of Administrative Hearings (OAH) may not charge a Medicaid recipient, applicant, or authorized representative a fee for the costs of transcription or the preparation or delivery of OAH records to the circuit court or to a party. A court or an officer of the court may not charge a fee to an individual petitioning for judicial review to a circuit court from an OAH decision in a Medicaid fair hearing contested case.

The Department of Human Resources (DHR) is responsible for determination of eligibility for many Medicaid programs, including long-term care. Under existing statute, DHR may request and obtain from a fiduciary institution any financial records that it deems necessary to verify an individual's eligibility for public assistance. ***Senate Bill 671***/***House Bill 752*** ***(both passed)*** instead require DHR, on a showing that an applicant for long-term care Medicaid benefits has been unable to obtain the financial records necessary to establish eligibility for public assistance, to request any necessary records from a fiduciary institution.

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, qualifying patients, and their caregivers to provide qualifying patients with medical cannabis legally under State law via written certification. The commission is required to actively seek to achieve racial, ethnic, and geographic diversity when licensing medical cannabis growers and to encourage applicants who qualify as a Minority Business Enterprise. The commission opened applications for grower, processor, and dispensary licenses in September 2015. Towson University's Regional Economic Studies Institute was commissioned to review the grower and processor applications through a double-blind review process in which all identifying information was redacted. The scoring system authorized the commission to take into account the geographic location of the growing operation to ensure geographic diversity in the award of licenses. The scoring system did not include a consideration of race, a decision based on a letter from the Office of the Attorney General stating that constitutional limits prohibited the consideration of race or ethnicity for licensing when there is no disparity study that indicates past discrimination in similar programs.

In August 2016, the commission announced the 15 growers and 15 processors who were awarded Stage One license pre-approvals. Geographic diversity became an issue when two companies among the top 15 ranked growers did not receive pre-approval after being replaced by other companies in order to provide geographic representation throughout the State. In July 2016, a subcommittee of the commission unanimously voted to preliminarily approve the top 15 growers based on the Regional Economic Studies Institute scoring, which did not include a consideration of location. Afterward, the subcommittee reversed their vote, which resulted in two lower-ranked firms being moved into the top 15 growers in order to achieve geographic diversity. The two companies that were initially included in the top 15 growers but later removed are suing the commission, claiming that the determination of how geographic diversity was to be considered was unclear to applicants. In addition, none of the top 15 growers are minority owned, which prompted a lawsuit by an African American-owned company that was denied a grower license seeking to halt the medical cannabis program until the commission takes action to ensure racial and ethnic diversity among licensed growers.

Several bills relating to the composition of the commission and the number of grower and processor licenses, as well as licensing criteria and the approval process, were introduced during the legislative session. However, none of these bills passed. One of the more comprehensive bills, ***House Bill 1443*** ***(failed)***, would have, on an emergency basis, repealed and reconstituted the membership of the commission and required extensive outreach to encourage industry participation by small, minority, and women business owners. The bill also would have required the State's "certification agency" (the Maryland Department of Transportation) to conduct a disparity study, implement a new Small Medical Cannabis Enterprise Program, and establish a process for certification. The bill would also have increased the cap on medical cannabis grower licenses, instituted a cap for processor licenses, and prohibited the issuance of Stage One pre-approval licenses until the disparity study was completed and only in accordance with a new scoring process that focused on racial, ethnic, and geographic diversity.

Behavioral Health

Senate Bill 433/***House Bill 1093*** ***(both passed)*** specify that a parent or guardian of a minor may apply, on behalf of the minor, for the minor's admission to a certified intensive outpatient alcohol and drug abuse program and that the capacity of a minor to consent to treatment for drug abuse or alcoholism does not include the capacity to refuse treatment in an intensive outpatient alcohol or drug abuse treatment program. ***Senate Bill 600***/***House Bill 775*** ***(both passed)*** require DHMH to identify and disseminate information on perinatal mood and anxiety disorders, develop training programs to improve early identification of postpartum depression, and develop a plan to expand the Maryland Behavioral Health Integration in Pediatric Primary Care.

House Bill 857 ***(passed)*** alters the minimum and maximum number of individuals that must be admitted for a residence to qualify as a "large private group home" and a "small private group home," respectively. ***House Bill 869*** ***(passed)*** requires DHMH to publish a list of each recovery residence operating in each county in the State on its website by November 1, 2017. The list must indicate whether the owner of a recovery residence has received a valid certificate of compliance. The bill also requires a behavioral health program or health professional to provide an individual with a list of certified recovery residences and provide an individual who has been assessed as in need of American Society of Addiction Medication Level 3.1 services with information on where the individual may receive those services when referring the individual to a recovery residence.

In November 2016, DHMH proposed regulations that would have implemented an outpatient civil commitment (OCC) pilot program in Baltimore City. However, in its legal analysis of the proposed regulations, DLS noted a potential legal issue of concern relating to the statutory authority for DHMH to implement the specific program through regulations. ***Senate Bill 1042/ House Bill 1383*** ***(both passed)*** specifically authorize the Behavioral Health Administration (BHA) within DHMH to establish an OCC pilot program to allow for the release of an individual who is involuntarily admitted for inpatient treatment under specified provisions of the Health-General Article on condition of the individual's admission into the pilot program. By December 1 of each year the pilot program is in existence, BHA must submit a report that includes information on admissions, costs, treatment, and any other information that may be useful in determining whether a permanent OCC process should be established.

House Bill 1227 ***(passed)*** establishes that the purpose of the Problem Gambling Fund is primarily to provide funding for problem gambling treatment and prevention programs and specifies that expenditures from the fund may be used to establish an outreach program for compulsive and problem gamblers.

Department of Health and Mental Hygiene – Generally

Senate Bill 82/House Bill 180 ***(both passed)*** renames DHMH as the Maryland Department of Health and renames the Secretary of Health and Mental Hygiene as the Secretary of Health. ***Senate Bill 38*** ***(Ch. 40)*** consolidates three State advisory councils within DHMH into a newly created State Advisory Council on Health and Wellness and expands the membership of the Advisory Board on Prescription Drug Monitoring.

Cigarette Restitution Fund and Tobacco

State criminal law prohibits the distribution of tobacco products to minors. In some local jurisdictions, the distribution of tobacco products to minors is also subject to civil penalties, as established through local ordinance or under State law. ***House Bill 185*** ***(passed)*** establishes civil penalties for this offense and civil citation authority for county health officers and their designees (local health department employees trained in civil enforcement and retired sworn law enforcement officers employed by county health officers) statewide.

House Bill 747 ***(Ch. 139)*** alters provisions relating to programs funded by the Cigarette Restitution Fund by conforming provisions for the Baseline Tobacco Study conducted by DHMH with federal reporting measures, altering criteria for local public health tobacco or cancer grants, and increasing flexibility for how the grant funds may be spent.

Health Records

Medical records are protected from certain disclosures under State law and under the federal Health Insurance Portability and Accountability Act (HIPAA). ***Senate Bill 666*/*House Bill 233* (both passed)** require a health care provider to disclose a medical record, without the authorization of the person of interest, to a guardian *ad litem* appointed by a court to protect the best interest of a minor or a disabled or elderly individual who is a victim of a crime or a delinquency act under certain circumstances.

***Senate Bill 584*/*House Bill 1468* (both passed)** alter the circumstances under which a health care provider may disclose directory information and medical records without the authorization of the person in interest, including information that was developed primarily in connection with mental health services. The bills express the intent of the General Assembly that provisions in State law relating to the confidentiality of medical records (1) may not be interpreted to be more restrictive than the federal privacy regulations adopted under HIPAA; (2) are not intended to be in conflict with HIPAA; and (3) are to be interpreted in a way that is consistent with any federal regulations, policy guidance, and judicial decisions relating to HIPAA.

State law establishes certain requirements for registering births that occur in an institution or en route to an institution, and for registering births that occur outside an institution. ***House Bill 1632* (Ch. 11)** requires an attending clinician or the attending clinician's designee to file a certificate of birth for a birth that occurs outside an institution in the same manner as a certificate of birth that is filed by the administrative head of an institution, or the administrative head's designee, for a birth that occurs in an institution or en route to the institution. The Act includes nurse midwives and direct-entry midwives in the definition of "attending clinician."

Food Safety

In 2016, legislation was introduced to address intercounty licensing and inspection requirements for mobile food service facilities in the State. Though the legislation failed, an informal interim workgroup convened to recommend a legislative solution to multi-jurisdictional mobile service facility licensing. ***Senate Bill 262*/*House Bill 771* (both passed)** implement the workgroup's recommendations by requiring a county health department to issue a mobile reciprocity license to a mobile food service facility that (1) is operating in the county; (2) is operating within 90 miles of its base of operations; and (3) holds a valid license from the county of origin.

Miscellaneous Health Programs and Requirements

Automated External Defibrillators

Chapter 167 of 1999, which created the Automated External Defibrillators (AED) program, authorizes a facility to make AEDs available to victims of sudden cardiac arrest. The program is administered by the Emergency Medical Services Board, which certifies facilities to operate AEDs. ***Senate Bill 427*/*House Bill 522* (Chs. 34 and 35)** require the Maryland Institute for

Emergency Medical Services Systems to conduct a study and make recommendations about locations where AEDs could be most beneficial, compile AED pricing information, and summarize the immunity from liability provisions in State law regarding the use of AEDs.

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 188*** ***(passed)*** makes multiple changes regarding advance directives and funding for the Advance Directive Program, including altering the definition of "advance directive" and witness requirements for an electronic advance directive, and requiring DHMH to issue a Request for Proposals from electronic advance directives services and authorizing it to contract with multiple electronic advance directives services. The bill also establishes the Advance Directive Program Fund as a special nonlapsing fund to be administered by DHMH. ***Senate Bill 562***/***House Bill 498*** ***(both passed)*** generally prohibit an individual from serving as either a health care agent or surrogate decision maker for a declarant or patient if (1) the individual is the subject of an interim, temporary, or final protective order or (2) the individual is the spouse of the declarant, and individual and declarant have executed a separation agreement or have filed an application for divorce.

Infectious Diseases

Senate Bill 185/***House Bill 445*** ***(both passed)*** repeal the requirement that DHMH establish and conduct an educational program on AIDS for individuals who plead guilty or *nolo contendere* to, or who are found guilty of, certain drug- or sex-related crimes.

House Bill 518 ***(passed)*** requires DHMH to adopt regulations that establish requirements for prenatal HIV testing. A health care provider who offers prenatal medical care must follow these requirements in addition to existing specified statutory requirements. However, the bill repeals the statutory testing and notification requirements if DHMH adopts the regulations by October 1, 2018, and notifies DLS at least five days before they take effect.

Pharmaceuticals

Concerns about the high cost of prescription drugs, including some significant price increases for generic drugs, have prompted calls for action to lower prescription drug costs. Twenty states' Attorneys General (including Maryland's) filed a civil complaint against six pharmaceutical companies in December 2016 alleging price fixing schemes to artificially inflate prices on generic drugs. Federal prosecutors have made similar claims against several former pharmaceutical executives. ***House Bill 631*** ***(passed)*** prohibits a manufacturer or wholesale distributor from engaging in price gouging in the sale of an essential off-patent or generic drug. Medicaid may notify the Attorney General when specified price increases occur. On request of the Attorney General, the manufacturer of an essential off-patent or generic drug must submit a specified statement. The Attorney General may require a manufacturer or wholesale distributor to produce any records or documents relevant to determining if a violation of the prohibition on price gouging has occurred. On petition of the Attorney General, a circuit court may issue specified orders, including compelling a manufacturer or wholesale distributor to provide certain statements or records, restraining or enjoining a violation, requiring restitution, and imposing a civil penalty of up to $10,000 for each violation.

House Bill 584 ***(passed)*** permits a manufacturer of an investigational drug, biological product, or device to provide the investigational drug, biological product, or device to an eligible patient. The manufacturer may either provide the drug, biological product, or device without compensation or charge the patient, subject to specified limitations, for the cost of, or associated with, the manufacture of the specific drug, biological product, or device.

Health Services

Title X is a federal program dedicated to the provision of family planning and related preventive health services. Title X services include patient education and counseling; cervical and breast cancer screening; sexually transmitted infection and HIV prevention education, testing, and referral; and pregnancy diagnosis and counseling. Under federal law, Title X funds may not be used for abortion care. Title X serves all individuals in need, with a focus on low-income, underinsured/uninsured, hard-to-reach, and vulnerable populations who lack access to health care and are at risk of unintended pregnancy. Any public or nonprofit private entity may apply for a Title X grant.

DHMH provides family planning services through the Maryland Title X Family Planning Program and Medicaid. Several proposals have been put forward in the U.S. Congress that would alter the ability of certain family planning providers, in particular Planned Parenthood, to receive Title X funding or participate in Medicaid. ***House Bill 1083*** ***(Ch. 28)*** establishes a Family Planning Program in DHMH to ensure the continuity of family planning services in the State. Program funding must be in addition to any funding applied by DHMH before December 31, 2016, to the Maintenance of Effort requirement for federal funding under Title X of the federal Public Health Service Act. DHMH must, to the extent permitted and subject to the limitations of the State budget, ensure access to and the continuity of services provided by family planning providers that were Medicaid family planning providers as of December 31, 2016, and were discontinued as recipients of federal funding because of the scope of services offered by the provider or for which the provider offered referrals. DHMH must ensure this access by (1) reimbursing for the Medicaid services provided and (2) establishing Medicaid requirements for family planning providers that are similar to requirements for other providers of the same services, do not prohibit a provider from offering a service within the provider's scope of practice, and do not limit the scope of services for which a provider may offer referrals.

Numerous states have "filial support laws," which require adult children to be responsible for the care of indigent parents. The laws, which generally predate Medicare, Medicaid, and Social Security, are rarely enforced in most states. ***Senate Bill 676***/***House Bill 764*** ***(both passed)*** repeal provisions relating to the prohibition against the neglect of a destitute parent or the refusal by an adult child who has, or is able to earn, sufficient means, to provide a destitute parent with food, shelter, care, and clothing. The bills also alter the definition of a "responsible relative" to exclude the children of a recipient of services in provisions of law relating to the responsibility for the cost of certain State-funded health care services.

According to the American Public Health Association, "Health in All Policies" (HiAP) is a collaborative approach to improving the health of all people by incorporating health considerations into decision making across sectors and policy areas. The goal of HiAP is to ensure that all decision makers are informed about the health, equity, and sustainability consequences of various policy options during the policy development process. ***Senate Bill 340*/*House Bill 1225* (both passed)** require the University of Maryland School of Public Health's Maryland Center for Health Equity, in consultation with DHMH, to convene a workgroup to study and make recommendations to units of State and local government on laws and policies that will positively impact the health of residents in the State using an HiAP framework.

Health Occupations

Guidelines for Prescribing Opioids

***House Bill 1432* (passed)** requires a health care provider, treating for pain, based on the clinical judgment of the provider, to prescribe the lowest effective dose of an opioid and a quantity that is no greater than that needed for the expected duration of pain severe enough to require an opioid that is a controlled dangerous substance. For further discussion of this issue, see the subpart "Public Health" within Part I – Health and Human Services of this *90 Day Report*.

Supervision and Review of Board Decisions and Actions

In 2015, the U.S. Supreme Court held in *N.C. 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. In response to this decision, ***Senate Bill 517*/*House Bill 628* (both passed)** require the Secretary of each principal department to supervise each unit of State government within the Secretary's jurisdiction that is composed, in whole or in part, of individuals participating in the occupation or profession regulated by the unit. This supervision is intended to prevent unreasonable anticompetitive actions by the unit and allow for the determination as to whether the decisions and actions of the unit further a clearly articulated State policy to displace competition in the regulated market. The Office of Administrative Hearings (OAH) must review a decision or action of a board or commission within the Department of Health and Mental Hygiene (DHMH), in accordance with regulations adopted by the Secretary of Health and Mental Hygiene and OAH. OAH, in conjunction with the Office of the Attorney General, must establish a process for such review. 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 the health occupations boards, as well as other professional regulatory bodies.

Senate Bill 503 ***(passed)*** requires each health occupations board, by January 1, 2018, to report to specified committees of the General Assembly on efforts to educate individuals regulated by the boards regarding (1) reducing and eliminating racial and ethnic health disparities; (2) improving health literacy; (3) improving cultural and linguistic competency; and (4) achieving the goal of racial and ethnic health equity.

Dentists

An individual must obtain a license from the State Board of Dental Examiners to practice dentistry, which includes being a manager, proprietor, or conductor of, or an operator in, any place in which a dental service or operation is performed intraorally. ***House Bill 725*** ***(passed)*** authorizes an heir or personal representative of a deceased licensed dentist, under specified circumstances, to serve as the owner of a dental practice for up to one year after the death of the licensed dentist, regardless of whether the heir or personal representative is licensed to practice dentistry. The board, on written request and good cause shown, may extend the one-year period for up to an additional six months to allow the heir or personal representative time to sell or otherwise dispose of the dental practice.

Nurses

To renew a license, a registered nurse (RN) or licensed practical nurse (LPN) must provide evidence of completing 1,000 hours of active nursing practice within the five-year period immediately preceding renewal. ***House Bill 253*** ***(passed)*** authorizes an RN or LPN to instead provide evidence of completing a minimum number of continuing education units, as required by regulations adopted by the State Board of Nursing.

Senate Bill 385/***House Bill 482*** ***(both passed)*** make several alterations to the Maryland Nurse Practice Act, most notably altering the composition of the board by increasing from eight to nine the number of RNs on the board and requiring the additional RN member to be an advanced practice RN; decreasing the number of LPNs on the board from three to two; and requiring that one member of the board be either an RN, LPN, or advance practice RN. The bills also clarify procedures related to the use of criminal history record information on renewal of a license.

Senate Bill 41 ***(passed)*** amends the Maryland Nurse Practice Act to conform the existing Nurse Multistate Licensure Compact to the new and enhanced Nurse Licensure Compact adopted by the National Council of State Boards of Nursing. The bill does not take effect until substantially similar legislation is enacted in at least 26 other states or December 31, 2018, whichever occurs first.

Chapters 385 and 386 of 2016 established nonrefundable tax credits against the State income tax for a licensed physician or nurse practitioner who serves without compensation as a preceptor in an approved preceptorship program. ***Senate Bill 436***/***House Bill 683*** ***(both passed)*** alter eligibility for the tax credits. For further discussion of this issue, see the subpart "Income Tax" within Part B – Taxes of this *90 Day Report*.

Nursing Home Administrators

Federal regulations require that a nursing home be operated by a licensed nursing home administrator. However, in unexpected circumstances where a licensed individual is not available, an unlicensed individual may be granted a provisional license to act as an interim nursing home administrator. ***House Bill 145*** ***(Ch. 109)*** establishes a provisional nursing home administrator license and authorizes the Board of Examiners of Nursing Home Administrators to issue such a license to an applicant if the board determines that the applicant is of good moral character and capable of adequately administering the nursing home for the provisional period. The Act aligns statute with federal regulations regarding the granting of a provisional license to a nonlicensed individual appointed to act as interim nursing home administrator when the licensed nursing home administrator has left or been removed from his or her position due to death or for any other unexpected cause.

Exemptions to the Maryland Patient Referral Law

The Maryland Patient Referral Law (MPRL) was enacted in 1993 when fee-for-service (FFS) was the predominant method of payment. In recent years, new and innovative payment methods have begun to replace FFS. ***Senate Bill 369***/***House Bill 403*** ***(both passed)*** exempt a health care practitioner who has a compensation arrangement with a health care entity from the prohibition against self-referral under MPRL if the compensation arrangement is funded by or paid under (1) a Medicare Shared Savings Program accountable care organization (ACO); (2) an advance payment ACO model, a pioneer ACO model, or a next generation ACO model, as authorized under federal law; (3) an alternative payment model approved by the federal Centers for Medicare and Medicaid Services (CMS); or (4) another model approved by CMS that may be applied to health care services provided to both Medicare and non-Medicare beneficiaries.

Information on Attention-deficit/Hyperactivity Disorder

House Bill 184 ***(passed)*** requires DHMH, in consultation with stakeholders, to identify up-to-date, evidence-based, written information relating to attention-deficit/hyperactivity disorder (ADHD) that (1) has been reviewed by specified experts, practitioners, and organizations; (2) is designed for use by health care practitioners and the families of children and adolescents diagnosed with ADHD; (3) is culturally and linguistically appropriate for potential recipients; and (4) includes specified treatment options for ADHD and contact information for national and local education programs and support services. DHMH must post the information in printable form on its website so that it may be accessed by health care practitioners engaged in treating children and adolescents for ADHD.

Teletherapy

The use of telecommunications technologies in the provision of mental health therapy has increased in recent years due to ongoing development of new technologies and the expansion of payment for telemedicine services. ***Senate Bill 1106***/***House Bill 352*** ***(both passed)*** authorize health care practitioners who provide behavioral health services and are licensed by the State boards of Nursing, Physicians, Professional Counselors and Therapists, Psychologists, or Social Workers to use teletherapy if they meet specified requirements. The affected boards must adopt implementing regulations by April 1, 2018.

Expedited Partner Therapy

Chapter 183 of 2015 authorized the use of Expedited Partner Therapy (EPT) throughout Maryland. Physicians, advanced practice registered nurses with prescriptive authority, physician assistants, and certain registered nurses employed by local health departments may prescribe, dispense, or otherwise provide antibiotic therapy to any sexual partner of a patient diagnosed with chlamydia or gonorrhea without making a physical assessment of the patient's partner. ***Senate Bill 110*** ***(passed)*** adds trichomoniasis, a sexually transmitted infection caused by a parasite, to the conditions for which antibiotic therapy can be provided under EPT protocols. The bill also explicitly authorizes a licensed pharmacist to dispense antibiotic therapy prescribed to any sexual partner of a patient diagnosed with chlamydia, gonorrhea, or trichomoniasis under EPT protocols.

Pharmacy

First-year Pharmacy Students

Senate Bill 815/House Bill 1031 ***(both passed)*** establish an exemption from the requirement to register as a pharmacy technician for a pharmacy student who (1) is currently completing the *first year* of a professional pharmacy education program and (2) performs delegated pharmacy acts in accordance with regulations adopted by the board under the direct supervision of a licensed pharmacist. Historically, pharmacy students were exempt from the registration requirement under a one-time student waiver. In 2014, the waiver was replaced with the registered pharmacy intern credential. However, to qualify for this credential, a pharmacy student must be in his or her *second year* of pharmacy school.

Investigational Drugs, Biological Products, and Devices

Federal law prohibits the sale or distribution of a drug until the drug is proven safe and effective. Under the U.S. Food and Drug Administration's (FDA) Expanded Access Program, an investigational medical product (one that has not received FDA approval) may be used outside of a clinical trial. ***House Bill 584*** ***(passed)*** permits a manufacturer of an investigational drug, biological product, or device (one that has successfully completed Phase I of a clinical trial but has not yet been approved for general use by FDA and remains under investigation in an FDA-approved clinical trial) to provide such a drug, biological product, or device to an eligible patient. An eligible patient is an individual who has (1) a terminal illness; (2) considered all other treatment options currently approved by FDA; (3) received a recommendation by the treating physician for the use of an investigational drug, biological product, or device; (4) given informed consent; (5) been found ineligible for or unable to participate in a clinical trial; and (6) has documentation from the individual's treating physician that the individual meets the other eligibility requirements. The bill is intended to provide a path under State law for terminally ill patients and their physicians to bypass the FDA approval process and access an investigational drug, biological product, or device before approval.

Prescribing and Dispensing

***Senate Bill 363*/*House Bill 613* (both passed)** expand the scope of practice for a licensed pharmacist, who meets specified requirements, to include prescribing and dispensing contraceptive medications and self-administered contraceptive devices approved by FDA. By September 1, 2018, the State Board of Pharmacy, in consultation with specified stakeholders, must adopt final regulations establishing standard procedures a pharmacist must use to select the appropriate contraceptive to prescribe or to refer a patient to a health care practitioner for treatment and the conditions under which a pharmacist may prescribe and dispense contraceptives. The regulations must prohibit a pharmacist from prescribing contraceptives before January 1, 2019.

***Senate Bill 997*/*House Bill 1273* (both passed)** authorize a pharmacist to substitute an interchangeable biological product, of the same dosage form and strength, for any brand name drug if (1) the authorized prescriber does not expressly state that the prescription must be dispersed only as directed; (2) the substitution is recognized as specified; and (3) the consumer is charged less for the interchangeable biological product than the brand name drug. Within five business days after dispensing a biological product to a patient, the dispensing pharmacist (or a designee) must communicate to the prescriber the specific biological product dispensed, including the name and manufacturer of the biological product. This notice generally must be provided through an electronically accessible entry. Notification is not required if FDA has not approved an interchangeable biological product for the biological product prescribed to the patient or for refill prescriptions if the dispensed product is not changed.

Physicians

Prohibition on Requiring Specialty Certification for Physician Licensure

***Senate Bill 989*/*House Bill 1054* (both passed)** prohibit the State Board of Physicians (MBP) from requiring, as a qualification for initial licensure or a condition of license renewal, (1) certification by a nationally recognized accrediting organization that specializes in a specific area of medicine or (2) maintenance of such certification that includes continuous reexamination to measure core competencies as a requirement for maintaining certification.

Medical Professional Liability Insurance

***Senate Bill 195*/*House Bill 957* (both passed)** require the public practitioner profile for each licensed physician in the State maintained by MBP to include information as to whether the physician maintains medical professional liability insurance as reported by the physician to MBP. If a physician reports such information, the physician must, on request of MBP, provide verification or other documentation of the information within 25 business days of the request. Each licensed physician practicing medicine in the State must notify a patient in writing, as specified, if the physician does not carry professional liability insurance coverage, or if the physician's coverage has lapsed for any period of time and has not been renewed. Each licensed physician who does not carry professional liability insurance coverage must conspicuously post such information where the licensee practices.

Psychologists

Chapters 647 and 648 of 2010 require an applicant for initial licensure as a psychologist or initial registration as a psychology associate to submit to a State and national criminal history records check (CHRC). ***House Bill 912*** ***(passed)*** requires the State Board of Examiners of Psychologists, beginning March 2019, to begin a process that requires CHRCs on (1) annual renewal, as determined by regulations adopted by the board and (2) for each former licensee or registrant who files for reinstatement after failing to renew the license or registration for a period of one year or more. An additional CHRC must be conducted every six years.

Program Evaluation ("Sunset Review")

Approximately 70 regulatory entities and activities are 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" because most of the agencies subject to review are also subject to termination. In 2016, the Department of Legislative Services (DLS) conducted full evaluations of the State Board of Morticians and Funeral Directors and the State Board of Physicians and its allied health advisory committees.

Senate Bill 548**/*****House Bill 824*** ***(both passed)*** extend the termination date for the State Board of Morticians and Funeral Directors by 10 years to July 1, 2028, and require a full sunset evaluation of the board by December 1, 2026. The board must submit three reports to specified committees of the General Assembly regarding required board actions and analyses by November 1, 2017; January 1, 2018; and October 1, 2019.

Senate Bill 549**/*****House Bill 1265*** ***(both passed)*** are emergency measures that extend the termination date of the State Board of Physicians and its related allied health advisory committees by five years to July 1, 2023, and generally implement the recommendations of DLS' December 2016 full sunset evaluation of the board. The bills limit the scope of the next sunset evaluation, institute new reporting requirements for the board, and make miscellaneous statutory changes, including exempting certain individuals from CHRC requirements if they are otherwise authorized to practice medicine in the State without a license and shifting certain disciplinary proceedings from the full board to the disciplinary panels.

Social Work Examiners

Senate Bill 986**/*****House Bill 1183*** ***(both passed)*** make multiple revisions to the Maryland Social Work Practice Act, including establishing the licensed master social worker (LMSW) license, which replaces the licensed graduate social worker license; defining and codifying a process under which a licensed bachelor social worker or an LMSW may apply for, and engage in, independent practice; and increasing civil penalty provisions, including a fine of up to $50,000 for a person who violates related law.

Health Care Facilities and Regulation

Hospitals and Related Institutions

Prince George's County Regional Medical Center Act of 2017

Operating funding is provided to the University of Maryland Medical System (UMMS) to assist in the transition to a new Prince George's County Regional Medical Center (PGCRMC) operated by UMMS. In accordance with a 2008 memorandum of understanding (MOU) between the State, Prince George's County, and Dimensions Health Care, a financial commitment of $150.0 million in operating funds was to be provided over five years, split equally between each party. In addition, $24.0 million in State capital funding would be provided over three years. The MOU was updated in calendar 2011 to include UMMS and the University System of Maryland. Operating funding of $15.0 million per year was provided by the State in fiscal 2011 through 2015. In fiscal 2016, no operating funds were provided. The fiscal 2017 budget includes $15.0 million added through a supplemental budget.

As shown in **Exhibit J-2**, Chapter 13 of 2016 mandated a total of $55.0 million in operating grants to UMMS between fiscal 2018 and 2021 and restricted the use of operating grants to PGCRMC for (1) providing increased access to critical health care services for the region served by PGCRMC and improving the quality of services provided and (2) facilitating cost containment measures to prevent additional operating losses for PGCRMC and its affiliated institutions. ***Senate Bill 1198*** ***(Ch. 19)*** alters the amount of operating grants the State is currently required to provide in fiscal 2018 through 2021 (adding a total of $30.0 million in that period) and also requiring the Governor to include an annual appropriation of $10.0 million for additional operating grants in fiscal 2022 through 2028. Chapter 19 also restructures mandated capital appropriations that the Governor must include in the capital or operating budget bill for the construction of PGCRMC in fiscal 2018 through 2020. Identical provisions were included in ***House Bill 152*** ***(Ch. 23)***, the Budget Reconciliation and Financing Act of 2017.

Exhibit J-2
Operating and Capital Funding for Prince George's County Regional Medical Center Under *Senate Bill 1198*
Fiscal 2018-2028
($ in Millions)

	2018	2019	2020	2021	2022	2023-2028[1]	Total
Operating Funding							
Chapter 13 of 2016	$30.0	$15.0	$5.0	$5.0	$0.0	$0.0	$55.0
Chapter 19 of 2017	28.0	27.0	15.0	15.0	10.0	60.0	155.0
Capital Funding							
Chapter 13 of 2016	67.5	48.0	0.0	0.0	0.0	0.0	115.5
Chapter 19 of 2017	11.3	48.0	56.2	0.0	0.0	0.0	115.5

[1]Reflects a $10.0 million mandated annual appropriation in fiscal 2023 through 2028, for a total of $60.0 million.

Note: Chapter 13 of 2016 committed the State to $15.0 million to be provided in fiscal 2018, or $30.0 million if a grant of $15.0 million was not provided through a fiscal 2016 deficiency appropriation. No deficiency appropriation was provided in fiscal 2016.

Source: Department of Legislative Services

Definition of Small Private Group Home

Under the Health-General Article, "private group home" means a residence in which individuals who have been or are under treatment for a mental disorder may be provided care or treatment in a homelike environment. ***House Bill 857*** ***(passed)*** increases the minimum number of individuals that must be admitted to a private group home – from 9 individuals to 10 – in order for the residence to be a "large private group home." Accordingly, the bill increases the maximum number of individuals that may be admitted to a private group home – from 8 individuals to 9 – in order for the residence to be a "small private group home."

Maryland Council on Advancement of School-Based Health Centers

Established by Chapter 417 of 2015, the Maryland Council on Advancement of School-Based Health Centers in the Maryland State Department of Education (MSDE) is charged with improving the health and educational outcomes of students who receive services from school-based health centers by advancing their integration into the health care and educational systems at the State and local levels. ***Senate Bill 233*****/*****House Bill 221*** ***(both passed)*** transfer the council from MSDE to the Department of Health and Mental Hygiene (DHMH). The Maryland

Community Health Resources Commission (MCHRC), rather than MSDE, must provide staff for the council and may seek the assistance of organizations with expertise in school-based health care or other matters within the duties of the council to provide additional staffing resources. The council must report specified findings and recommendations to MCHRC, in addition to other specified State entities, by December 31 of each year.

Assisted Living Program Licensure Fees

DHMH, in consultation with representatives of the assisted living facility industry and advocates for residents of assisted living facilities and with the approval of the Maryland Department of Aging and the Department of Human Resources, must adopt regulations that require the Secretary of Health and Mental Hygiene to charge fees for inspecting assisted living program facilities and maintaining the licensure program for assisted living programs. ***House Bill 443 (passed)*** repeals the requirement that DHMH adopt regulations requiring the Secretary of Health and Mental Hygiene to charge fees for the issuance and renewal of assisted living facility licenses. Instead, the bill requires DHMH to adopt regulations that establish the application fee to be paid to the Secretary by an applicant for an assisted living program license.

Health Insurance

Health Reform Monitoring, Oversight, and Implementation

In response to efforts at the federal level to repeal and replace the Patient Protection and Affordable Care Act (ACA), the General Assembly passed legislation to monitor and provide limitations on changes to health coverage in the State. Legislation was also passed that altered provisions of State insurance law to conform with, and implement, the ACA.

Maryland Health Insurance Coverage Protection Commission

Senate Bill 571 ***(Ch. 17)*** establishes the Maryland Health Insurance Coverage Protection Commission to monitor potential and actual federal changes to the ACA, Medicaid, the Maryland Children's Health Program (MCHP), Medicare, and the Maryland All-Payer Model; assess the impact of these changes; and provide recommendations for State and local action to protect access of residents of the State to affordable health coverage. The 19-member commission, which includes members of the legislature, the Executive Branch, and the public, must conduct a study that includes an examination of measures that may prevent or mitigate the adverse effects of changes to the ACA, Medicaid, MCHP, Medicare, or the Maryland All-Payer Model and the impact of the resulting loss of health coverage on the residents, public health, and economy of the State. In performing its duties, the commission may hold public meetings and convene workgroups to solicit input from stakeholders. The commission will function for three years and must submit a report each year on its findings and recommendations, including any legislative proposals.

Limitations on and Oversight of Changes to Medicaid

House Bill 152 ***(Ch. 23)***, among other things, generally prohibits the eligibility and benefits rules in place for Medicaid on January 1, 2017, from being altered to make it more difficult to qualify for benefits, expand beneficiary cost sharing to additional services, or impose new limitations on covered benefits. The eligibility and benefits rules may only be altered if the changes are required under federal law to qualify for the receipt of federal funds, included in legislation passed by the General Assembly, proposed in the annual State budget, or submitted in writing to the Maryland Medicaid Advisory Committee (MMAC). If a change in the eligibility and benefits rules is submitted to MMAC, a legislative member of the committee may refer the change to the Legislative Policy Committee for a 60-day review and comment period.

Conformity to and Implementation of Federal Law

House Bill 123 ***(passed)*** alters provisions in State health insurance law to conform with, and implement, the ACA and corresponding federal regulations. Among other changes, the bill reduces the maximum term of a short-term medical insurance policy purchased from a nonadmitted insurer to three months and specifies certain disclosure requirements that the insurer must meet when providing such a policy to an individual. The bill also adds preventive and wellness services and chronic disease management to the list of ACA requirements that the Maryland Insurance Administration (MIA) can enforce and adds new triggering events for special enrollment periods in the Small Business Health Options Program Exchange. In addition, the bill specifies that, to the extent permitted by federal law, an entity that leases employees from a professional employer organization, coemployer, or other organization engaged in employee leasing and that meets a specified description shall be treated as a small employer. There are differing standards and market requirements that apply to insurance plans offered to small and large groups under federal and State law.

Mandated Coverage and Cost Sharing

Digital Tomosynthesis

Digital tomosynthesis is a radiologic procedure that involves the acquisition of projection images over the stationary breast to produce cross-sectional digital three-dimensional images. ***Senate Bill 61***/***House Bill 675*** ***(both passed)*** expand the health insurance mandate for coverage of breast cancer screenings to include coverage for digital tomosynthesis that a treating physician determines is medically appropriate and necessary. The legislation prohibits a carrier from imposing a copayment or coinsurance requirement for digital tomosynthesis that is greater than one for other breast cancer screenings for which coverage is required.

Prescription Drugs and Dispensing Synchronization

Senate Bill 898/***House Bill 1147*** ***(both passed)*** require carriers that provide coverage for prescription drugs to allow and apply a prorated daily copayment or coinsurance amount for a partial supply of a prescription drug dispensed by an in-network pharmacy under specified circumstances. The coverage requirements apply if the prescriber or pharmacist determines dispensing a partial supply to be in the best interest of the member, the prescription drug is anticipated to be required for more than three months, the member requests or agrees to a partial supply to synchronize the dispensing of the member's prescription drugs, and other conditions under the legislation are met. A carrier must pay an in-network pharmacy a full dispensing fee for dispensing a partial supply of a prescription drug regardless of any prorated copayment or coinsurance amount charged to a member or any fee paid to the pharmacy for synchronizing a member's prescription.

Diabetes Test Strips

House Bill 730 ***(passed)*** prohibits a carrier from imposing a deductible, copayment, or coinsurance requirement on diabetes test strips. A high-deductible health plan may, however, subject diabetes test strips to the plan's deductible requirement under the bill.

Telehealth and Substance Use Disorder Counseling

House Bill 983 ***(passed)*** establishes that currently mandated health insurance coverage for health care services appropriately delivered through telehealth must include counseling for substance use disorders.

Services by Licensed Clinical Professional Art Therapists

House Bill 298 ***(passed)*** specifies that if an insurance policy, contract, or certificate issued by an insurer or nonprofit health service plan provides for reimbursement of a service that is within the lawful scope of practice of a licensed clinical professional art therapist, the insured or any other covered person is entitled to reimbursement for the service.

Behavioral Health Disorders

Senate Bill 968/***House Bill 1127*** ***(both passed)*** clarify the substance use disorder benefits that must be covered by health benefit plans under current law. The legislation specifies that health benefit plans must provide residential treatment center benefits and outpatient and intensive outpatient benefits, including diagnostic evaluation, opioid treatment services, and medication evaluation and management.

Prior Authorization, Step Therapy, and Fail-first Protocols

Most major purchasers of prescription drugs, including commercial insurers and the pharmacy benefits managers (PBM) with which they contract, utilize prior authorization, step therapy, and fail-first protocols to control costs. Legislation passed this session prohibits the use of such measures for certain drug products.

Drug Products to Treat an Opioid Use Disorder

House Bill 887 ***(passed)*** prohibits carriers that provide coverage for substance use disorder benefits, including coverage through a PBM, from applying a preauthorization requirement for a prescription drug (1) when used for treatment of an opioid use disorder and (2) that contains methadone, buprenorphine, or naltrexone.

Opioid Antagonists

***Senate Bill 967*/*House Bill 1329* (both passed)** limit the ability of carriers to apply a prior authorization requirement for an opioid antagonist, including naloxone hydrochloride. Under the legislation, carriers that provide coverage for prescription drugs, including coverage through a PBM, may apply a prior authorization requirement for an opioid antagonist only if the carrier provides coverage for at least one formulation of the opioid antagonist without a prior authorization requirement.

Drug Products to Treat Stage Four Advanced Metastatic Cancer

Step therapy and fail-first protocols shift patients to alternative prescription drugs to control costs by requiring an individual to try a preferred drug (usually a less costly generic) before progressing to a new drug based on the failure of the first medication to provide symptomatic relief or cure. ***Senate Bill 919*/*House Bill 740* (both passed)** prohibit carriers from imposing a step therapy or fail-first protocol on an insured or enrollee for a prescription drug approved by the U.S. Food and Drug Administration (FDA) if the drug is used to treat the insured's or enrollee's stage four advanced metastatic cancer. The use of the drug must be consistent with the FDA-approved indication or the national comprehensive cancer network drugs and biologics compendium indication for the treatment of stage four metastatic cancer and supported by peer-reviewed medical literature.

Short-term Medical Insurance

***Senate Bill 380*/*House Bill 774* (both passed)** require MIA to conduct a study to assess the need in the State for short-term medical insurance offered by nonadmitted insurers. Among other requirements, the study must seek to identify the circumstances in which individuals in the State are in need of short-term medical insurance and assess the impact on the admitted health insurance market and consumers of authorizing nonadmitted insurers to offer short-term medical insurance as a surplus line to individuals who are unable to obtain health coverage under the ACA or drop coverage obtained under the ACA.

Medicare Supplement Policies

***Senate Bill 48* (Ch. 42)** requires a carrier to offer Medicare supplement policy plans A and C to an individual younger than age 65 who is eligible for Medicare due to a disability during the six-month period following notification of Medicare enrollment if the applicant is notified of their retroactive enrollment in Medicare.

Acquisition of Nonprofit Health Entity

Evergreen Health is a health maintenance organization organized as a not-for-profit consumer-operated and -oriented plan under the ACA. In 2016, MIA suspended Evergreen's ability to write business in the individual market due to its financial condition. The company has announced its intention to be acquired by outside investors and convert to a for-profit entity. Evergreen requires an expeditious influx of capital to be able to participate in the 2018 open enrollment on the Maryland Health Benefit Exchange.

Senate Bill 1075/House Bill 1553 ***(both passed)*** alter procedures that provide for the acquisition of a nonprofit health entity, such as a nonprofit health maintenance organization like Evergreen. Under current law, an acquisition may not go into effect until the earlier of 90 days after a determination is made by the appropriate regulating entity or the date when ratified by the General Assembly. The legislation allows the appropriate regulating entity, which is MIA in the case of a nonprofit health maintenance organization, to waive this waiting period if the regulating entity determines that the waiver is in the best interest of the public.

Registration of Pharmacy Benefit Managers

House Bill 154 ***(Ch. 113)*** alters the date on which a pharmacy benefits manager registration expires. Under current law, a registration expires on the two-year anniversary of the date the registration is issued. The Act changes the expiration date to the second September 30 after the effective date of the registration.

Social Services

The Homeless

House Bill 134 ***(Ch. 105)*** transfers specified responsibilities, functions, powers, and duties related to homeless services from the Department of Human Resources (DHR) to the Department of Housing and Community Development. For further discussion of issues related to homelessness, including ***Senate Bill 531/House Bill 269*** ***(both passed)*** and ***Senate Bill 625/House Bill 1067*** ***(both passed)***, see the subpart "Housing and Community Development" within Part H – Business and Economic Issues of this *90 Day Report*.

Benefit Eligibility

The federal Personal Responsibility and Work Opportunity Act of 1996 bars states from providing Temporary Cash Assistance (TCA) and Supplemental Nutrition Assistance (SNAP) benefits to persons convicted of a felony for possession, use, or distribution of a controlled dangerous substance (CDS), but affords states the ability to "opt out" of the ban, which Maryland did pursuant to Chapter 671 of 2000. Individuals applying for TCA or SNAP in Maryland who have been convicted of specified felonies involving CDS after August 22, 1996, are subject to testing and treatment for substance use for two years beginning on the date of application. Additionally, if an individual receiving TCA or SNAP is found to be in violation of specified CDS offenses, the individual is ineligible for TCA or SNAP for one year after the date of conviction. ***Senate Bill 853/House Bill 860*** ***(both passed)*** repeal these provisions and instead subject TCA and SNAP recipients to the existing restrictions if the recipients are found to be in violation of State CDS laws related to volume dealing of CDS or drug kingpins.

Under federal law, recipients of benefits provided through the Temporary Assistance for Needy Families grant, such as TCA, assign child support rights to the State. ***Senate Bill 1009*/*House Bill 1469* (both passed)** require DHR, beginning July 1, 2019, to pass through to a family receiving TCA the first $100 of child support collected in a month for one child and the first $200 of child support collected in a month for two or more children. These are the highest pass-through amounts allowed under federal law. The amount passed through to the family must be disregarded in the calculation of TCA benefits.

***House Bill 152* (Ch. 23)**, the Budget Reconciliation and Financing Act of 2017, includes a provision that adds a time-limited provision requiring additional review of programmatic changes to Medicaid and SNAP that make it harder to qualify for benefits, expand beneficiary cost sharing, or impose certain limitations on covered benefits unless such changes are required by federal law for the receipt of federal funds; included in legislation passed by the General Assembly; proposed in the State budget; or for SNAP, submitted to the Legislative Policy Committee. DHR must establish a group of interested stakeholders to collaborate on any changes or redesign of SNAP.

***Senate Bill 278*/*House Bill 586* (both passed)** establish a Maryland Farms and Families Program within the Maryland Department of Agriculture, and a Maryland Farms and Families Fund to provide grants to nonprofit organizations that match purchases made with federal nutrition benefits – those under the Farmers Market Nutrition Program, SNAP, and the Special Supplemental Food Program for Women, Infants, and Children – at participating farmers markets throughout the State. For further discussion of this issue, see the subpart "Agriculture" within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

The Elderly

***Senate Bill 696*/*House Bill 953* (both passed)** establish the Task Force on Long-Term Care Education and Planning to examine the status of long-term care education in the State, consider options for improving efforts to educate residents of the State about planning for long-term care, and make recommendations regarding long-term care education. By December 1, 2017, the task force must report its findings and recommendations to the Governor and the General Assembly.

DHR is responsible for determination of eligibility for many Medicaid programs, including long-term care. Under existing statute, DHR may request and obtain from a fiduciary institution any financial records that it deems necessary to verify an individual's eligibility for public assistance. ***Senate Bill 671*/*House Bill 752* (both passed)** instead require DHR, on a showing that an applicant for long-term care Medicaid benefits has been unable to obtain the financial records necessary to establish eligibility for public assistance, to request any necessary records from a fiduciary institution.

The State Long-Term Care Ombudsman Program, established under federal mandate through the Older Americans Act, includes local staff and volunteers who serve as advocates for residents of adult care facilities. ***House Bill 132*** ***(passed)*** aligns statute with federal regulations regarding the scope of the State Long-Term Care Ombudsman Program and requires the Secretary of Aging to consult with the State Long-Term Care Ombudsman when adopting specified regulations. ***Senate Bill 47*** ***(passed)*** also aligns statute with federal law and regulations regarding confidentiality, by altering State mandatory reporting requirements, for cases of alleged or suspected abuse of a vulnerable adult, to create an exception for the State Long-Term Care Ombudsman or an individual designated as an ombudsman. Under the exception, an ombudsman is prohibited from disclosing the identity of a resident or complainant unless specified consent is given as required under federal law. ***Senate Bill 47*** also provides clarifications and alters specified reporting requirements for alleged abuse of residents of health care facilities.

House Bill 147 ***(passed)*** establishes the Healthy Aging Program within the Maryland Department of Aging to promote healthy aging and living by older adults at the State and local level, encourage aging safely at home and in the community, raise public awareness about healthy aging and aging safely, evaluate the need for improving existing healthy aging services, improve the quality of life and contain health care costs of older adults, and provide competitive funding grants for specified programs and services. The bill also expands the Secretary of Aging's authority to accept and use State and federal funds for specified purposes related to the program.

Children

Senate Bill 293/***House Bill 395*** ***(both passed)*** require the Maryland State Department of Education (MSDE) to report to specified committees of the General Assembly on or before October 1, 2017, on methodologies to set reimbursement rates for the Child Care Subsidy (CCS) Program. ***Senate Bill 294***/***House Bill 418*** ***(both passed)*** require MSDE to biannually conduct a market rate survey or an alternative method allowable under federal law in order to formulate appropriate reimbursement rates for the CCS Program. For further discussion of this issue, see the subpart "Education – Primary & Secondary" within Part L – Education of this *90 Day Report*.

Part K
Natural Resources, Environment, and Agriculture

Natural Resources

Program Open Space

Program Open Space (POS) acquires and improves recreation and open space areas for public use and consists of a State and local component. Transfer tax revenue is the primary source of the program's funding.

Use of Local Funding

Statute limits the extent to which counties can use the POS funds apportioned to them under the local component of POS for development or capital renewal projects on recreation and open space lands, as opposed to acquisition of recreation and open space lands. The counties may use up to 50% of their funding for development projects unless they meet specified land acquisition goals, in which case they can use up to 75% for development projects for a period of five years after meeting the goals. In both cases, up to 20% of that funding authorized for use for development projects may be used for capital renewal. ***Senate Bill 116*** ***(passed)*** allows counties that have more than 65,000 acres of land consisting of State forests, State parks, or wildlife management areas (currently Allegany and Garrett counties), and have met specified land acquisition goals, to use up to 100% of the counties' future annual apportionment of POS local funding for development projects and capital renewal. The bill also requires a review, by October 1, 2018, of the State's standard for land acquisition of 30 acres per 1,000 people to determine whether adjustments may be made to the standard to encourage additional acquisition of land under POS.

Transfers of Funding to Support Heritage Areas

Up to $3 million of transfer tax funding allocated to POS each fiscal year may be transferred to the Maryland Heritage Areas Authority Financing Fund (which supports grants and loans for projects in designated heritage areas across the State). ***Senate Bill 257*/*House Bill 267* (both passed)** increase that authorization, allowing for up to $6 million to be transferred, provided that any amount transferred that is over $3 million must be provided from the State's share of funds under POS. There are currently 13 designated heritage areas across the State, which, pursuant to statute, are intended to reflect the cultural themes of the State's development and provide educational, inspirational, economic, and recreational benefits for present and future generations.

Baltimore City Direct Grant Projects

Baltimore City receives, under the State component of POS, a direct grant for park purposes each year, which is in addition to funding that the city receives under the local component of POS. Pursuant to Chapter 10 of 2016, the direct grant amount increases each fiscal year between fiscal 2017 and 2020. The direct grant amount is $1.5 million in fiscal 2017, $3.5 million in fiscal 2018, $5.5 million in fiscal 2019, and $6.0 million in fiscal 2020 and following years. Chapter 10 also requires a portion of the $3.5 million direct grant for the city in fiscal 2018 to be used for specific projects in the following amounts: $500,000 – Herring Run Park; $600,000 – Clifton Park; $300,000 – Druid Hill Park Trail Head; $300,000 – James Mosher Park; and $300,000 – Patterson Park.

House Bill 1154* (passed)** modifies the allocation of that funding directed to specific projects in fiscal 2018 by (1) reducing the amounts that must be used for the Herring Run Park and Clifton Park projects to $400,000 and $500,000, respectively; (2) requiring the use of $300,000 for athletic field renovations at Gwynns Falls Park instead of the James Mosher Park project; and (3) requiring that $200,000 be used for an added project: field lights and other improvements at Frederic B. Leidig Recreation Center. ***House Bill 1154 also requires a portion of the $5.5 million direct grant to the city in fiscal 2019 to be used for certain projects in the following amounts: $100,000 – Herring Run Park; $100,000 – Clifton Park; and $100,000 – field lights and other improvements at Frederick B. Leidig Recreation Center.

Forest Conservation Act

The Forest Conservation Act (FCA) establishes minimum forest conservation requirements for land development. It is administered by the Department of Natural Resources' (DNR) Forest Service but is primarily implemented on the local level, through local forest conservation programs. ***Senate Bill 29*/*House Bill 617* (both passed)** clarify that local forest conservation programs may include afforestation (establishment of forested area on development tracts where there is little or none) and reforestation (establishment of forested area to offset cleared forest) requirements that are more stringent than the minimum requirements under FCA.

FCA and local forest conservation programs generally apply to public or private development on areas 40,000 square feet or greater, subject to certain exceptions. ***House Bill 874* (passed)** adds an exception, for cutting or clearing of trees at small, public use airports to comply with State law regarding obstructions to air navigation. Existing law contains a similar exception for cutting or clearing of trees to comply with federal requirements relating to objects affecting navigable airspace, which the small, public use airports affected by ***House Bill 874*** do not fall under since they are not subject to federal obstruction requirements.

Payments to Counties for State Lands

A portion of revenue derived from State forests and parks is paid to the counties in which the State forests and parks are located. Counties in which State forests and parks comprise less than 10% of the total land area of the county receive 15% of the revenue derived from the State forests and parks in the county, including net revenue from concession operations. Counties in which State forests and parks comprise 10% or more of the total land area of the county receive 25% of the revenue derived from the State forests and parks, including net revenue from concession operations.

Senate Bill 273 ***(passed)*** establishes a State Forest, State Park, and Wildlife Management Area Revenue Equity Program which, for counties meeting specified criteria, replaces the existing State forest and park revenue-sharing payments, beginning in fiscal 2019, with payments equal to the county's property tax rate multiplied by the assessed value (as determined by the State Department of Assessments and Taxation) of the State forests, State parks, and wildlife management areas in the county that are exempt from property tax. The bill applies to counties that either (1) have at least 65,000 acres of State forests, State parks, and wildlife management areas that are exempt from the property tax or (2) have at least 40,000 acres of State forests, State parks, and wildlife management areas that are exempt from the property tax and have a county real property tax rate of at least $1.00 for each $100 of assessment.

Allegany and Garrett counties are the only counties in the State that have more than 65,000 acres of State forests, State parks, and wildlife management areas, and Somerset County is the only county that has more than 40,000 acres of State forests, State parks, and wildlife management areas and a fiscal 2017 county real property tax rate of at least $1.00 for each $100 of assessment. Payments to those three counties are estimated to increase by $1.7 million total (Allegany – $0.6 million; Garrett – $0.7 million; Somerset – $0.4 million), beginning in fiscal 2019, reflecting the net impact of replacing the existing revenue-sharing payments with payments under the new program.

Maryland Park Service Funding Clarification

Pursuant to the Budget Reconciliation and Financing Act of 2014 (Chapter 464) and Chapter 389 of 2015, for fiscal 2018 and each fiscal year thereafter, the Governor must include in the State budget an appropriation for DNR's Maryland Park Service (MPS) equal to 100% of revenues received by the Forest or Park Reserve Fund that are attributable to MPS operations (State park revenues), less any amount allocated to DNR administrative costs. (That appropriation is assumed to encompass funding for the State park portion of the State forest and park revenue-sharing payments mentioned above, which MPS pays to the counties.) ***House Bill 152 (Ch. 23)***, the Budget Reconciliation and Financing Act of 2017 (BRFA), clarifies that requirement. Under the BRFA of 2017, for fiscal 2019 and each fiscal year thereafter, the Governor must include in the State budget an appropriation for MPS equal to 100% of the revenues *from the second* *preceding fiscal year*, subject to the allocation of revenues for DNR administrative costs and maintenance of any prior year closing fund balance.

Pollinator Habitat

Chapter 614 of 2016 requires DNR, the Maryland Environmental Service, and the State Highway Administration to each establish a pollinator habitat plan that, among other things, must include best management practices for the maintenance, creation, enhancement, and restoration of pollinator habitats and must adhere to the Maryland Department of Agriculture's (MDA) managed pollinator protection plan (*The Maryland Pollinator Protection Plan*, released in 2016). ***Senate Bill 386*/*House Bill 830* (both passed)** modify the requirements applicable to the plans to (1) focus on *pollinator habitat areas* rather than *pollinator habitats*; (2) require that the plans "be as protective of pollinators as" MDA's managed pollinator protection plan, rather than "adhere to" the plan; and (3) restrict the use of neonicotinoid pesticides, pesticides labeled as toxic to bees or other pollinators, and seeds or plants treated with a neonicotinoid pesticide, in an area designated or created as a pollinator habitat area in accordance with a pollinator habitat plan. Neonicotinoid pesticides are a class of commonly used insecticides that affect the central nervous systems of insects, and concern has been raised about their impact on nontarget organisms, including bees and other pollinators.

Also relating to the establishment of pollinator habitat, ***Senate Bill 1158* (passed)** requires DNR, in consultation with MDA, to designate a solar generation facility as pollinator-friendly (and authorizes DNR to charge a fee for the designation) if it meets specified requirements. The bill also prohibits the owner of a solar generation facility from making specified claims regarding the pollinator benefits of the facility without a designation by DNR.

Waters of the State

Chesapeake Bay Restoration

In response to the proposed elimination and/or reduction – in the federal fiscal 2018 budget blueprint submitted by the President to Congress – of funding for federal programs that support Chesapeake Bay restoration, ***Senate Joint Resolution 8* (passed)** expresses the General Assembly's opposition to those proposed federal budget cuts and urges the Governor to publicly oppose the proposed cuts. Under the joint resolution, the Senate Education, Health, and Environmental Affairs Committee and the House Environment and Transportation Committee must also monitor and make recommendations regarding federal budget proposals and actions affecting the Chesapeake Bay and its tributaries.

Protection and Restoration of State-owned Lakes

There are 16 State-owned lakes in Maryland, with Deep Creek Lake being the largest. ***Senate Bill 396*/*House Bill 477* (both passed)** establish a State Lakes Protection and Restoration Fund, administered by the Secretary of Natural Resources, to protect and restore State-owned lakes. The fund consists of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. DNR must develop a working budget for the funding and, in coordination with local governments, organizations, and citizens, develop an annual work plan that prioritizes and details projects that will receive funding.

Removal of Abandoned or Sunken Vessels

DNR is authorized to seize, remove, and take into custody vessels that meet a specified definition of an "abandoned vessel," generally including vessels that have remained for specified periods of time at public or private marinas, docks, or boatyards, or on other property, without permission, or that have been found adrift or unattended in or upon the waters of the State and are a hazard or obstruction. ***House Bill 1253*** ***(passed)*** clarifies that the provisions that authorize DNR to seize, remove, and take into custody an abandoned vessel also apply to sunken vessels. However, pursuant to the bill, vessels that are found adrift or unattended in or upon the waters of the State are not considered to be "abandoned or sunken" if they are specified historic property. Existing protection from liability established for DNR, for any damage to an abandoned vessel which may occur during removal, storage, or custody of the vessel, is extended to a person removing, preserving, or storing an abandoned or sunken vessel on behalf of the department.

Hunting and Fishing

Hunting

State Wildlife Management and Protection Fund

Funds generated from the sale of any hunting license, stamp, application, or permit fee are credited to the State Wildlife Management and Protection Fund for the scientific investigation, protection, propagation, and management of wildlife. In addition, the Department of Natural Resources (DNR) is eligible for between $5 million and $7 million in annual grants through the federal Wildlife Restoration Program. A 2011 audit report by the U.S. Fish and Wildlife Service recommended that, to comply with federal regulations under the federal program, DNR seek passage of legislation to explicitly prohibit the use of hunting license fee revenue for purposes other than the administration of wildlife. To that end, ***House Bill 126*** ***(Ch. 102)*** clarifies that the fund may be used *only* for the scientific investigation, protection, propagation, and management of wildlife as well as for administrative costs of the wildlife program. The Act also repeals the requirements that certain portions of hunting license revenue be used for (1) promoting activities related to deer bow and muzzle loader hunting and (2) funding the processing of deer meat for donation to the needy.

Black Bears

Except for a holder of a hunting license and a black bear hunting permit during black bear hunting season, a person may not hunt black bears in the State. A person who violates this prohibition is subject to (1) for a first offense, imprisonment not exceeding six months or a fine not exceeding $1,500, or both and (2) for a second or subsequent offense, imprisonment not exceeding one year or a fine not exceeding $2,000, or both. This penalty does not apply to a person who kills or wounds a black bear in defense of the person's own life, the life of another individual, or the life of an animal on the person's property.

House Bill 177 ***(passed)*** establishes another exemption from these penalties for a person who kills or wounds a black bear in defense of honey bees in a bee colony managed by the person. This exemption applies only to a person who has installed and properly maintained an electric fence to protect the honey bee colony.

Sunday Hunting

There are three seasons to hunt deer in Maryland: bow hunting season, firearms season, and muzzle loader season. Wild turkey may be hunted in the fall in Allegany, Garrett, and Washington counties and in the spring in all counties. With specified exceptions, hunting game birds or mammals on Sunday is prohibited.

In the 2017 session, additional exceptions to the ban on Sunday hunting were established. ***House Bill 310*** ***(passed)*** authorizes DNR to allow a person to hunt deer on a Sunday on private property throughout the deer hunting season in Montgomery County. Except as part of the junior deer hunt or on one Sunday designated by DNR in each of the deer bow hunting and firearms seasons, these Sunday hunting privileges only apply from 30 minutes before sunrise until 10:30 a.m. The bill terminates June 30, 2022. Similarly, ***House Bill 312*** ***(passed)*** authorizes DNR to allow a person to hunt deer on a Sunday on private property throughout all deer hunting seasons in Kent County. Except as part of the junior deer hunt or on one Sunday designated by DNR, during the deer firearms season, these Sunday hunting privileges only apply from 30 minutes before sunrise until 10:30 a.m. Additionally, ***House Bill 305*** ***(passed)*** authorizes turkey hunting on private property on Sundays during the spring turkey hunting season in Kent County.

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 313*** ***(passed)*** decreases the archery hunting safety zone in Montgomery 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.

Nongame Birds and Mammals

In Baltimore and Frederick counties, a person may not hunt or attempt to hunt nongame birds (including agricultural nuisance species such as groundhogs) without first obtaining a hunting license. ***Senate Bill 519***/***House Bill 655*** ***(both passed)*** repeal the application of this prohibition in Frederick County.

Deer Management Permits

Maryland landowners or agricultural lessees that are experiencing severe economic loss from deer to commercial crops may be eligible to be issued a deer management permit from DNR's

Wildlife and Heritage Service. A deer management permit authorizes the permit holder to remove deer from property in a manner designated in the permit outside of the established deer hunting seasons and bag limits. This authority has traditionally also applied to an agent of the permit holder. In addition, prohibitions against Sunday hunting have been considered inapplicable to harvesting deer under a deer management permit as this activity is outside of the scope of traditional recreational hunting. Chapter 574 of 2014, however, specifically authorized deer harvesting under a deer management permit on Sundays in Charles and St. Mary's counties, bringing into question whether this activity continues to be authorized on Sundays in other counties.

House Bill 788 ***(passed)*** clarifies that deer management permit privileges apply to an agent of a permit holder and that a person hunting deer under a deer management permit (holder or agent) may hunt deer on Sundays throughout the year, including all deer hunting seasons.

Hunting and the Recreational Use Statute

Certain protections from liability are established in State law under the recreational use statute to encourage a landowner to make land, water, and airspace above the land and water areas available to the public for recreational and educational purposes. ***House Bill 1246*** ***(passed)*** applies to hunting specified responsibility and liability provisions of the recreational use statute governing cross-country skiing and the use of off-highway vehicles.

Apprentice Hunting License

House Bill 1427 ***(passed)*** establishes a one-time, nonrenewable, apprentice hunting license that allows the purchaser to hunt all legal game birds and mammals in a single season without the purchase of additional stamps (unless the purchaser is hunting migratory game birds or deer during bow and arrow or black powder season). The bill establishes various requirements relating to the license. With a specified exception, a person may only hunt under the apprentice license if (1) accompanied and directly supervised by a person who is at least age 18 and has a valid resident non-apprentice hunting license and (2) the person accompanying the apprentice hunter maintains close visual and verbal contact with, provides adequate direction to, and is in a position to immediately assume control of the firearm of the apprentice hunter.

Hunter Safety Courses

Senate Bill 66 ***(passed)*** authorizes DNR to adopt regulations to establish a program to provide incentives for the successful completion of a hunter safety course by individuals who are not required by law to complete such a course. The program may include discounts on hunting licenses and any other incentive that DNR determines to be appropriate. The bill also clarifies the circumstances under which a person is exempt from the requirement to obtain a certificate of competency in firearms and hunter safety by codifying current practice exempting (1) a person who has an affidavit that the person *hunted before July 1, 1977,* and (2) a nonresident who purchases a nonresident three-day hunting license in the State to hunt wild waterfowl.

Fishing

Oyster Management

In response to the oyster population in the Chesapeake Bay languishing at 1% of historic levels, decreased suitable oyster habitat, and a dwindling number of harvesters, DNR unveiled a new management and restoration plan for oysters and the State's oyster industry in December 2009. The plan increased the State's network of oyster sanctuaries from 9% to 24% of the bay's remaining quality oyster bars, established oyster aquaculture leasing opportunities and related financial assistance programs, and maintained 76% of the bay's remaining quality oyster habitat for a public oyster fishery.

Chapter 703 of 2016 requires DNR, as part of its fishery management plan for oysters, to conduct a study, in consultation with the University of Maryland Center for Environmental Science, to (1) identify all available data that may be used to conduct a stock assessment; (2) identify possible stock assessment techniques that may be applied based on available data and specified objectives for the resource and the fishery; (3) conduct a stock assessment that provides guidance for the development of specified biological reference points; and (4) identify objective and measurable means to determine if the public oyster fishery is operating within the biological reference points. The study must be submitted to a peer review panel composed of stock assessment experts.

Based on a determination of whether the public oyster fishery is operating within the biological reference points and DNR's authority under provisions governing fishery management plans, DNR, through a public process in collaboration with the commercial oyster industry, conservation organizations, and other concerned stakeholders, must identify management strategies to address the maintenance of a sustainable oyster population and fishery.

In addition, DNR recently completed a five-year review of the effectiveness of the locations of the oyster sanctuaries, public shellfish fishery areas (PSFA), and aquaculture areas. DNR had committed in 2010, when it overhauled the sanctuary program, to undertake the review every five years and propose changes where needed. In the review, DNR found that there is justification to consider adjustments to the sanctuary boundaries. DNR has placed the sanctuaries and PSFAs into "tiers" that reflect relative oyster productivity of the areas and are intended to allow for a fair distribution of the most productive oyster areas if areas are reclassified – allowing for trading of sanctuaries and PSFAs within equivalent tiers.

DNR has indicated that it plans to move forward with potential changes based on the five-year review separate from the study required under Chapter 703 and any management changes resulting from the study. ***House Bill 924*** ***(Ch. 27)*** prohibits DNR from taking any action to reduce or alter the boundaries of oyster sanctuaries in the Chesapeake Bay until DNR has developed a fisheries management plan for the scientific management of the oyster stock following the completion of its reports required under Chapter 703. The Act's prohibition may not be construed to prevent DNR from (1) selecting the final two tributaries for tributary-scale oyster restoration sanctuary projects in accordance with the 2014 Chesapeake Bay Agreement or (2) establishing, in DNR's discretion, any dimensions for a tributary-scale oyster restoration sanctuary project.

Aquaculture

DNR screens aquaculture leases for the presence of submerged aquatic vegetation (SAV) under agreements with the National Marine Fisheries Service and the U.S. Army Corps of Engineers. The presence of SAV may result in restrictions being imposed on the use of the leases. SAV has become more abundant in the Chesapeake Bay in recent years, and aquaculture leases are particularly vulnerable to SAV encroachment as the water proximate to the leases is often cleaner and clearer than usual.

An aquaculture leaseholder may not place shellfish, bags, nets, or structures on SAV, nor may a lease be located in an SAV protection zone. A person is also prohibited from using a hydraulic clam dredge, a traditional bottom dredge, or a shinnecock rake in an SAV protection zone.

***Senate Bill 964*/*House Bill 1200* (both passed)** require DNR, in consultation with interested stakeholders, to (1) review the conflicts that arise when implementing its policies of protecting SAV and promoting aquaculture in the State and (2) develop solutions to these conflicts that take into account the benefits provided by both SAV and aquaculture. DNR must report its findings and recommendations, including any proposed legislation, to the Governor and the General Assembly by December 1, 2017. DNR may adopt regulations that establish standards and a process under which DNR may assess and evaluate an aquaculture lease on which SAV has encroached to determine if aquaculture activity on the lease must be restricted or prohibited due to the circumstances of the encroachment.

Cownose Rays

Cownose rays are a migratory species that use the Chesapeake Bay as a nursery habitat between May and October, with male cownose rays leaving the bay in late June through early July. After July 1, the cownose rays in the bay are predominantly pregnant females and young-of-the-year pups.

DNR may, after consultation with the Tidal Fisheries Advisory Commission and the Sport Fisheries Advisory Commission, adopt regulations to define and govern the use of recreational fishing gear and certain types of commercial fishing gear, including bowfishing gear. DNR is considering adopting regulations governing the cownose ray fishery, including regulations that would prohibit the use of specified projectile gear, such as archery equipment, for taking cownose rays during the period from July 1 through December 31. In addition, an October 2016 DNR summary of potential actions that could be taken to regulate the cownose ray fishery included an option of requiring cownose ray tournament and charter operators to obtain a permit from, and report to, DNR in order for DNR to gather data to better understand the impact of tournaments and charters on the fishery.

Senate Bill 268/House Bill 211 ***(both passed)*** require DNR to prepare a fishery management plan for the cownose ray by December 31, 2018, subject to funding made available to DNR for that purpose. The bills also prohibit a person from sponsoring, conducting, or participating in a cownose ray fishing contest in State waters until July 1, 2019. "Cownose ray fishing contest" means any competition, tournament, or derby with the objective of catching or killing cownose rays for (1) prizes or other inducements or (2) entertainment purposes.

Crabs

The earlier that commercial crabbers start catching crabs in a day means the cooler the weather in which the crabbers are working, which in turn reduces the mortality of the crab harvest. In addition, seafood dealers require commercial crabbers to deliver their crab harvest early on summer holidays so that the dealers have time to sell the crabs. ***Senate Bill 59/House Bill 1314*** ***(both passed)*** require DNR to adopt regulations that allow tidal fish licensees authorized to catch crabs using all legal gear to work one additional early hour on Labor Day, Memorial Day, July 4, and the day before each of those holidays.

Complimentary and Discounted 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 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.

Senate Bill 46/House Bill 4 ***(both passed)*** authorize DNR to issue a lifetime complimentary angler's or sport fishing license to an out-of-state former prisoner of war or 100% service-connected disabled American veteran if the person's state of residence extends similar, reciprocal privileges. Persons issued a lifetime complimentary angler's license under that authorization are also exempt from a requirement to purchase a trout stamp in order to fish or possess trout in certain areas. The bills also make existing authorizations for DNR to issue lifetime complimentary hunter's licenses to Maryland residents and out-of-state residents who certify that they are former prisoners of war or 100% service-connected disabled American veterans subject to competency in firearms and hunter safety requirements. The bills also establish a related reporting requirement for DNR.

In addition, ***Senate Bill 46*** also includes the provisions of ***House Bill 68*** ***(passed)*** which requires DNR to establish programs to provide discounted angler's licenses and trout stamps, Chesapeake Bay and coastal sport fishing licenses, and hunting licenses and any associated State-issued stamps or permits, to Maryland residents who are recipients of the Purple Heart Award. DNR must report to the Governor and the General Assembly on the number of discounted licenses, stamps, and permits issued to recipients of the Purple Heart Award. ***Senate Bill 46***, ***House Bill 4***, and ***House Bill 68*** all terminate June 30, 2020.

Environment

Hydraulic Fracturing

The Marcellus Shale formation is a geologic feature in the Appalachian Range that has attracted significant attention from the energy industry for its rich natural gas deposits. The recent development of new drilling technologies, including horizontal drilling and high-volume hydraulic fracturing, have led to a boom in domestic energy production in the United States. In Maryland, the formation is located in Allegany, Garrett, and Washington counties; however, the only anticipated areas of gas production are in Garrett and western Allegany counties.

The Maryland Department of the Environment (MDE) regulates gas exploration and production. A person must obtain a permit from MDE before drilling a well for the exploration, production, or underground storage of gas or oil in the State. A permit is also required for the disposal of any product of a gas or oil well. An applicant who wants to extract gas from the formation may also be required to apply for a number of other State environmental permits.

State regulations for oil and gas were written prior to the use of high-volume hydraulic fracturing and, as of April 14, 2017, have not been revised since 1993. In June 2011, Governor Martin O'Malley established the Marcellus Shale Safe Drilling Initiative by Executive Order 01.01.2011.11 to ensure that if drilling for natural gas from the Marcellus Shale proceeds in the State, it is done in a way that protects public health, safety, natural resources, and the environment. The executive order tasked MDE and the Department of Natural Resources, in consultation with an advisory commission, with conducting a three-part study and reporting recommendations. Ultimately, the departments concluded that the risks to public health and the environment can be adequately managed under a stringent regulatory regime that relies on the best practices identified in their report.

Regulations informed by the study were published in the *Maryland Register* on January 9, 2015, but were subsequently withdrawn. Meanwhile, Chapters 480 and 481 of 2015 required MDE to adopt regulations to provide for the hydraulic fracturing of a well for the exploration or production of natural gas by October 1, 2016. Under Chapters 480 and 481, the regulations may not take effect until October 1, 2017. Further, a permit to drill a well using hydraulic fracturing may not be issued until October 1, 2017. Chapters 480 and 481 also defined "hydraulic fracturing" as a technique that expands existing fractures or creates new fractures in rock by injecting fluids, often a mixture of water and chemicals, sand, or other substances, and often under pressure, into or underneath the surface of the rock for purposes that include well drilling for the exploration or production of natural gas. "Hydraulic fracturing" includes fracking, hydrofracking, and hydrofracturing.

In accordance with Chapters 480 and 481 of 2015, MDE published hydraulic fracturing regulations in the *Maryland Register* on November 14, 2016. On December 29, 2016, the Joint Committee on Administrative, Executive, and Legislative Review placed the regulations on hold to allow the committee to conduct a more detailed study of the regulations.

House Bill 1325 ***(Ch. 13)*** prohibits a person from engaging in the hydraulic fracturing of a well for the exploration of oil or natural gas in the State. ***House Bill 1325*** also redefines "hydraulic fracturing" as the stimulation treatment performed on oil and natural gas wells in low permeability oil or natural gas reservoirs through which specially engineered fluids are pumped at high pressures and rates into the reservoir interval to be treated, causing fractures to open.

Water Quality

Bay Restoration Fund

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 from biological nutrient removal (BNR) to enhanced nutrient removal (ENR) technology. BRF is also used to support septic system upgrades and the planting of cover crops.

BRF fee revenue generated from users of wastewater facilities is deposited into a separate account (Wastewater Account) and used, among other specified uses, to provide grants for up to 100% of the eligible costs to upgrade wastewater treatment plants to ENR. ***Senate Bill 314*****/*****House Bill 417*** ***(both passed)*** expand the authorized uses of the BRF's Wastewater Account to include, after funding other specified BRF priorities, the purchase of cost-effective nitrogen, phosphorus, or sediment load reductions in support of the State's efforts to restore the health of the Chesapeake Bay. The bills authorize up to $4 million in fiscal 2018, $6 million in fiscal 2019, and $10 million per year in fiscal 2020 and 2021 from the BRF for that purpose. The nitrogen, phosphorus, and sediment load reductions cannot be from the agricultural sector and must be created on or after July 1, 2017. MDE must adopt specified implementing regulations in consultation with the secretaries of Agriculture, Commerce, Natural Resources, and Transportation, and with public- and private-sector stakeholders. The bills, which terminate June 30, 2021, also establish reporting requirements for MDE.

Senate Bill 343**/*****House Bill 384*** ***(both passed)*** expand the authorized uses of the BRF by altering the definition of "eligible costs." Currently, only costs related to upgrading a facility *from* BNR *to* ENR are eligible for BRF funding; costs related to BNR upgrades are not. The bills authorize MDE to use the BRF for BNR upgrades.

Senate Bill 1190 ***(passed)*** authorizes MDE to use funds from the BRF to award a grant to a county or municipality that upgraded a wastewater facility to ENR before July 1, 2013, if (1) the county or municipality did not receive a grant for the upgrade from BRF and (2) the customers of the wastewater facility pay the bay restoration fee. Up to $2 million in grants may be awarded by MDE on a first-come, first-served basis. The grant program terminates September 30, 2019.

Septic Systems

Permeable micro- or ultra-filtration membrane bioreactors (MBR) are a new technology used for secondary wastewater treatment that can overcome many limitations of conventional septic systems. ***House Bill 1045*** ***(passed)*** requires MDE to propose regulations by January 1, 2019, that encourage the use of MBR or other treatment technologies in septic systems for nonresidential uses that meet existing guidelines for the use of reclaimed water and are more effective than the best available technology for removal of nitrogen approved by MDE. The regulations must (1) update specified evaluation criteria and (2) increase the maximum hydraulic loading rate that may be considered to 2.5 gallons per day per square foot for a nonresidential system using MBR technology and adjusted based on site-specific factors.

Sediment Control

Before a person may begin any land clearing, grubbing, topsoil stripping, soil movement, grading, cutting and filling, transporting, or other disturbing of land for any purpose, the appropriate approval authority must review and approve the proposed earth change and the sediment control plan for the proposed earth change. In addition, in order for a developer to receive a grading or building permit, the developer must submit to a county or municipality a grading and sediment control plan approved by the appropriate authority.

Senate Bill 440**/*****House Bill 557*** ***(both passed)*** establish MDE as the approval authority for grading or building permits, proposed earth changes, and sediment control plans for large redevelopment sites. A "large redevelopment site" is defined as any real property that (1) consists of one or more contiguous parcels that are collectively more than 500 acres; (2) is being used or was formerly used for industrial purposes and manufacturing; and (3) for which MDE has received at least one application to participate in its Voluntary Cleanup Program or at least one plan for remedial action by a specified party. MDE must develop sediment control criteria for these sites that are as protective of the environment as criteria required by soil conservation districts and MDE for all other sites.

Water and Sewer and Solid Waste Management Plans

A "county plan" is a comprehensive plan to adequately provide the following systems and services throughout a county: (1) water supply systems; (2) sewerage systems; (3) solid waste disposal systems; (4) solid waste acceptance facilities; and (5) systematic collection and disposal of solid waste, including litter. A county must submit a proposed county plan, including proposed revisions and amendments, to MDE for approval. ***Senate Bill 1040*** ***(passed)*** reduces the number of days, from 90 to 60 days, that MDE has to review county plans. The bill also reduces the length of time, from 90 to 45 days, that MDE may extend the review period for good cause and after notice to the county. The bill establishes procedural actions that MDE must take to add a supplemental 45-day review period at the expiration of the 45-day extension, and if MDE adds the supplemental review period, it must give written notice, as specified. Finally, MDE must provide the county with written notice of plan approval if the local plan, revision, or amendment receives approval by default.

Toxic Substances

Lead and Mercury

Wheel Weights: Mercury and lead have both been designated as "Priority Chemicals" targeted for reduction by the U.S. Environmental Protection Agency (EPA). In August 2009, EPA approved a petition to initiate a proceeding to ban the manufacture and distribution of lead wheel weights but has not taken any further actions on this rulemaking petition. ***House Bill 66*** ***(passed)*** (1) phases out the sale and use of lead and mercury wheel weights in the State; (2) requires the State to ensure that vehicles purchased for the State fleet after January 1, 2019, are free of lead and mercury wheel weights; and (3) prohibits a tire on a vehicle in the State fleet that is balanced or replaced after January 1, 2018, from being equipped with lead and mercury wheel weights. The bill also requires that lead and mercury wheel weights that are removed and collected be properly recycled. Finally, the bill establishes provisions relating to enforcement.

Switches Containing Mercury: ***Senate Bill 713***/***House Bill 504*** ***(both passed)*** prohibit a "marketer," beginning October 1, 2018, from knowingly selling or providing to a consumer, either individually or as a product component, an electric switch, an electric relay, or a gas valve switch containing mercury. The bills do not apply to an electric switch, an electric relay, or a gas valve switch that is a component of a larger product that was in use on or before October 1, 2018, under specified circumstances. The bills also alter the definition of "marketer" to include a person who manufactures, assembles, sells, distributes, affixes a brand name or private label to, or licenses the use of a brand name on an electric switch, electric relay, or gas valve switch containing mercury. The bills establish civil and administrative penalties for violations of the bills' prohibition, and existing criminal penalty provisions also apply.

Notification of Elevated Blood Lead Level: In accordance with existing statute, the Secretary of the Environment must assist local governments, if necessary, to provide case management of children with elevated blood lead levels (EBL) greater than or equal to 15 micrograms per deciliter. In practice, however, case management, as well as an environmental investigation, is triggered when a child has an EBL greater than or equal to 10 micrograms per deciliter.

A local health department that receives the results of a blood test for lead poisoning indicating that a child younger than age six has an EBL greater than or equal to 15 micrograms per deciliter and less than 20 micrograms per deciliter must notify the child's parents and, in the case of a child who lives in a rental dwelling unit, the owner of the rental dwelling unit. A local health department that receives the results of a blood lead test indicating that a person at risk has an EBL greater than or equal to 10 micrograms per deciliter on or after February 24, 2006, must provide notice of the test results to (1) the person at risk or, in the case of a minor, the parent of the person at risk and (2) the owner of the affected property in which the person at risk resides or regularly spends at least 24 hours per week.

House Bill 133 ***(passed)*** requires the Secretary of the Environment to assist local governments, if necessary, to provide case management of children with EBLs greater than or equal to 10 micrograms per deciliter; this effectively codifies current practice. The bill also requires MDE or a local health department, on receipt of the results of a blood test for lead poisoning indicating that a child younger than age six has an EBL greater than or equal to 10 micrograms per deciliter, to notify (1) the child's parent or legal guardian and (2) if applicable, the owner of the rental dwelling where the child lives. Finally, the bill requires MDE or a local health department, on receiving the results of a blood lead test indicating that a person at risk has an EBL greater than or equal to 10 micrograms per deciliter, to send notice of the test results to (1) the person at risk or, in the case of a minor, the parent or legal guardian of the person at risk and (2) the owner of the affected rental property in which the person at risk resides or regularly spends at least 24 hours per week.

Lead in School Drinking Water: ***House Bill 270*** ***(passed)*** requires MDE, in consultation with the Maryland State Department of Education, the Department of General Services, and Maryland Occupational Safety and Health, to adopt regulations to require periodic testing for the presence of lead in each "drinking water outlet" located in an occupied public or nonpublic school building that is not classified as a public water system. "Drinking water outlet" means a potable water fixture that is used for drinking or food preparation and includes a water fountain, faucet, or tap that is used or potentially used for drinking or food preparation and ice-making and hot drink machines. Among other things, the regulations must (1) require initial testing to be conducted by July 1, 2018; (2) phase in the testing, as specified; and (3) establish specific follow-up actions for positive test results. A waiver from the required testing must be granted under specified conditions. Before adopting the required regulations, MDE must gather specified information and convene a stakeholder group. The bill also establishes reporting requirements.

Composting, Recycling, and Waste Management

Composting and Yard Waste

Solid waste in Maryland is managed through a combination of landfilling, energy recovery, recycling, exporting for disposal or recycling, and composting. Yard waste that is collected separately from other solid waste may be transported to a composting facility; however, an owner or operator of a refuse disposal system may not accept truckloads of separately collected yard waste for final disposal unless the owner or operator provides for the composting or mulching of the yard waste. ***Senate Bill 99***/***House Bill 171*** ***(both passed)*** require MDE to study and make recommendations regarding the diversion of yard waste, food residuals, and other organic materials from refuse disposal facilities in the State, including ways to encourage investment in infrastructure and expand capacity for yard waste, food residuals, and other organic materials diversion. MDE must consult with specified State and local agencies as well as other specified entities and report its interim and final findings and recommendations to the Governor and the General Assembly by July 1, 2018, and July 1, 2019, respectively.

Recycling and Solid Waste

Recycling and Solid Waste Facilities: Under current law, a recycling facility that processes any quantity of solid waste may be required to obtain a refuse disposal permit and comply with solid waste regulations applicable to processing facilities. Historically, recycling facilities have not been required to obtain a refuse disposal permit, but as the number of single-stream recycling facilities increases, more recycling facilities are processing substantial quantities of solid waste. ***House Bill 124*** ***(passed)*** requires MDE to adopt regulations that (1) specify when a recycling facility may operate without a refuse disposal permit and (2) exempt certain materials that are managed at a recycling facility from being designated as "solid waste." The regulations may include (1) design, construction, and operational conditions for recycling facilities to protect public health and the environment and to minimize nuisances; (2) a tiered system of permits or approvals for recycling facilities, as specified; and (3) exceptions to any requirement to obtain a recycling facility permit or approval. MDE must convene and consult with a workgroup of affected stakeholders when developing the regulations. The bill makes corresponding changes to several definitions, and provides for the enforcement of State recycling facility laws and regulations through existing enforcement provisions.

Recycling at Special Events: Chapter 338 of 2014 required counties to revise their recycling plans to address the collection and recycling of recyclable materials from special events by October 1, 2015. The recycling required for special events must be carried out in accordance with the revised county recycling plans, and a person who violates the recycling requirements at a special event is subject to a civil penalty of up to $50 per day. ***Senate Bill 885/House Bill 1309*** ***(both passed)*** require the State, a county, a municipality, or any other local government, before issuing a special event permit, to provide the organizer of the event with a written statement that describes the recycling requirements and the penalty for violations. The bills also increase the maximum civil penalty applicable to a person or an organization that violates the recycling requirements at a special event to $300 for each day on which a violation exists.

Product Labeling – Plastic Products

There is no specific State law or regulation that relates to labeling plastic products as biodegradable, degradable, or decomposable. ***House Bill 1349*** ***(passed)*** establishes a general prohibition on selling a plastic product that is labeled as biodegradable, degradable, decomposable, or any other term that implies that the product will break down, fragment, biodegrade, or decompose in a landfill or any other environment. In addition, beginning October 1, 2018, unless a product meets specified standards, a person is prohibited from (1) selling a "plastic product" in the State that is labeled as compostable or home compostable or (2) selling a "film plastic product" labeled as "soil degradable AG mulch film" or "biodegradable mulch film." Also beginning October 1, 2018, a person who sells or distributes a compostable plastic bag or a compostable "food or beverage product" that is intended for sale or distribution by a retailer in the State must ensure that the bag or product meets specified labeling requirements. The bill establishes civil penalties for violations.

Hazardous Waste

Maryland's Hazardous Materials Security (MHMS) law requires facilities that store, dispense, use, or handle threshold amounts of hazardous materials to conduct and submit self-audits and a $2,500 fee to MDE every five years. Among other things, the audit must include potential security threats, vulnerabilities, and consequences to the facility. Local jurisdictions that adopt standards at least as stringent as those adopted under the MHMS law are exempt from the law. Current regulations also exempt from the law any facility subject to any comprehensive federal site security program. All of the hazardous material facilities in the State are either exempt from the MHMS law or are currently regulated under the U.S. Chemical Facility Anti-Terrorism Standards of the federal Clean Air Act. ***House Bill 121*** ***(passed)*** repeals the MHMS law and all related provisions, including those (1) directing fees collected from regulated facilities into the Community Right-to-Know Fund; (2) requiring MDE to adopt hazardous material security standards that meet specified requirements; and (3) establishing civil penalties for noncompliance.

Emergency Preparedness and Disaster Response

Emergency Action Plans for Dams

The Federal Emergency Management Agency published national guidelines for dam safety in 2007 and recommended that states establish statutory requirements for dam owners to develop and periodically update emergency action plans (EAP). Although MDE has broad authority regarding permitting for construction, repairs, and dam modifications, MDE only has statutory authority to compel development and maintenance of an EAP for those dams that require a permit from MDE.

House Bill 125 ***(passed)*** is an emergency bill that requires an owner of a specified existing dam to submit an EAP to MDE for approval by August 1, 2017, if the dam (1) has the potential to cause the loss of human life or substantial property damage in the event of a structural failure and (2) has been designated or verified by MDE as a high hazard or significant hazard dam. The bill requires a person proposing to construct a specified dam to submit an EAP with an application for a permit to construct the dam, establishes the required contents of an EAP, and requires that an EAP be updated annually. MDE is authorized to adopt implementing regulations. Additionally, the bill creates an exemption for the owner of a specified reservoir, dam, or similar waterway construction from having to reimburse MDE for work MDE has completed on the reservoir, dam, or similar waterway construction if the owner demonstrates an inability to pay. The bill states that the intent of the General Assembly is for MDE to (1) work with the owner to pursue cost-effective market-based solutions and (2) consider establishing a program to assist an owner in funding the work.

Oil Cleanup

State law imposes an 8.0-cent fee on each barrel of oil transferred into the State until July 1, 2017; beginning July 1, 2017, the fee is 5.0 cents per barrel. Until July 1, 2017, 7.75 cents of the per barrel fee are credited to the Maryland Oil Disaster Containment, Clean-up and Contingency Fund (Oil Fund), which provides funding to MDE’s oil pollution prevention programs, and 0.25 cents are directed to the Oil Contaminated Site Environmental Cleanup Fund (Reimbursement Fund), which, among other things, reimburses underground storage tank owners for costs incurred during site cleanups. Chapter 325 of 2014 required MDE to convene an Oil

Funding Workgroup to review and assess the long-term funding needs of the State's oil pollution programs.

Senate Bill 158 ***(passed)*** implements the recommendations of the Oil Funding Workgroup and extends the current fee (8.0 cents per barrel) assessed on oil transferred into the State until July 1, 2019; beginning July 1, 2019, the fee is 5.0 cents per barrel. Until July 1, 2019, 7.75 cents of the per barrel fee are credited to the Oil Fund and 0.25 cents are credited to the Reimbursement Fund. The bill allows owners of heating oil tanks to continue to apply for assistance from the Reimbursement Fund through June 30, 2019. The bill also authorizes, in fiscal 2018 and 2019 only, funds from the Oil Fund to be used to pay costs associated with the purposes of the Reimbursement Fund.

Agriculture

Agricultural Land Preservation

The Maryland Agricultural Land Preservation Foundation (MALPF) purchases agricultural preservation easements that restrict development on prime farmland and woodland in perpetuity. In addition to funding from the State transfer tax, MALPF is funded with agricultural land transfer taxes, local matching funds, and federal funds. As of the end of fiscal 2016, MALPF has cumulatively purchased 2,218 agricultural preservation easements on farms covering 300,916 acres.

Easement Termination

Although new agricultural preservation easements are perpetual, a landowner may request termination of an easement (1) approved by the Board of Public Works on or before September 30, 2004; (2) held by MALPF for more than 25 years; and (3) on land that can no longer support profitable farming. If a request to terminate a MALPF easement is approved, the landowner may repurchase the easement by paying MALPF an amount determined by appraisal.

In an effort to lessen unnecessary administrative work and costs for MALPF associated with an agricultural preservation easement termination request, ***House Bill 155*** ***(Ch. 114)*** modifies and clarifies the process that governs the consideration and disposition of any requests for review of easements for termination. The Act, among other things, establishes a sequential (rather than concurrent) process of review by first the governing body of the county containing the land under easement, then the MALPF board of trustees members at large, and finally the Secretary of Agriculture and the State Treasurer. Easements may be terminated only under extraordinary circumstances. If the county governing body or the MALPF board of trustees members at large deny a request, the termination review process ends.

Federal Readiness and Environmental Protection Integration Program

Under federal law governing the Readiness and Environmental Protection Integration Program (REPI), the Secretary of Defense or the Secretary of a military department may enter into an agreement with an eligible entity to address the use or development of real property in the vicinity of, or ecologically related to, a military installation or military airspace for specified purposes, including limiting any development or use of the property that would be incompatible with the mission of the installation. In its 2016 annual report to Congress on REPI, the U.S. Department of Defense describes its funding of cost-sharing agreements with state and local governments and conservation organizations to promote compatible land uses and preserve habitats near military installations. ***Senate Bill 703*** ***(passed)*** requires MALPF easements to be included as part of a partnership under REPI if (1) the land that is subject to an easement is in the vicinity of, or ecologically related to, the Atlantic Test Range; (2) the landowner whose land is subject to an easement agrees to any restrictions imposed on the easement under REPI; and (3) funding is available to MALPF to enter into an agreement under REPI.

Agricultural Subdivision and Conveyance

Land subject to a MALPF easement may not be subdivided for any purpose without the written approval of MALPF. Landowners seeking to subdivide land subject to a MALPF easement must come before the board of trustees of MALPF to request a subdivision with a justifiable agricultural purpose. The agricultural subdivision of easement property may be done only with MALPF approval, even if the easement property is composed of more than one parcel originally titled separately. MALPF evaluates whether the product of a subdivision still meets the program's eligibility requirements, can be justified for agricultural purposes, and will result in farming operations that remain economically viable.

Senate Bill 975 ***(passed)*** requires MALPF, as a part of its review of a request by an original grantor of an easement for a specified agricultural subdivision and corrective easement, to apply the acreage requirements for agricultural subdivisions that existed at the time the easement was purchased. The bill also establishes that, for land subject to an agricultural land preservation easement granted to MALPF on or before December 31, 1999, unless the deed granting the easement expressly provides otherwise, the grant of an easement governing two or more separate parcels of land owned by the same grantor under separate deeds, or two or more parcels separately identified and described in the same deed, does not consolidate the parcels for any other purpose, if the parcels are described separately in the deed granting the easement. Further, one of the parcels of land subject to the agricultural land preservation easement may be conveyed separately to a child of the original grantor with specified approval of MALPF, but the conveyed parcel remains subject to the easement in perpetuity. The bill applies retroactively to any agricultural land preservation easement granted to MALPF before June 1, 2017, and terminates June 30, 2019.

Antimicrobial Drugs

A 2013 report by the federal Centers for Disease Control and Prevention (*Antibiotic Resistance Threats in the United States*) refers to antimicrobial resistance as one of our most serious health threats, and there is concern about the extent to which the use of antimicrobial drugs in animal agriculture contributes to antimicrobial resistance in humans and animals. The U.S. Food and Drug Administration issued guidance in 2012 and 2013 that (1) limits medically important antimicrobial drugs to uses in food-producing animals that are considered necessary for assuring animal health (therapeutic uses) and (2) limits such drugs to uses that include veterinary oversight or consultation. ***Senate Bill 422***/***House Bill 602*** ***(both passed)*** prohibit the administration of a medically important antimicrobial drug to cattle, swine, or poultry solely for the purpose of promoting weight gain or improving feed efficiency. Beginning January 1, 2018, a medically important antimicrobial drug may be administered to cattle, swine, or poultry if, in the professional judgment of a licensed veterinarian, the drug is necessary (1) to treat, or control the spread of, a disease or infection; (2) for a surgery or medical procedure; or (3) provided the drug is not administered in a regular pattern, for prophylaxis to address an elevated risk of contraction of a particular disease or infection. The restrictions do not apply to cattle, swine, or poultry on farm operations that sell specified limited amounts of cattle, swine, or poultry per year. The Maryland Department of Agriculture (MDA) must annually collect, and report on, specified publicly available data on the use in the State of medically important antimicrobial drugs in cattle, swine, and poultry. The Secretary of Agriculture is authorized to impose an administrative penalty for a violation and may adopt regulations to implement the bills.

Pollinator Habitat Plans

Chapter 614 of 2016 requires the Department of Natural Resources (DNR), the Maryland Environmental Service (MES), and the State Highway Administration (SHA) to each establish, by July 1, 2017, and in consultation with MDA, a pollinator habitat plan that must, among other things, include best management practices for the maintenance, creation, enhancement, and restoration of pollinator habitats and adhere to MDA's managed pollinator protection plan. ***Senate Bill 386***/***House Bill 830*** ***(both passed)*** require the pollinator habitat plans established by DNR, MES, and SHA to "be as protective of pollinators as" MDA's managed pollinator protection plan, rather than to "adhere to" MDA's plan. The bills also modify the required contents of the plans to focus on pollinator habitat areas rather than pollinator habitats by requiring the pollinator habitat plan to include, in part, best management practices for the designation of pollinator habitat areas. The bills also restrict the use of neonicotinoid pesticides, pesticides labeled as toxic to bees or other pollinators, and seeds or plants treated with a neonicotinoid pesticide, in an area designated or created as a pollinator habitat area in accordance with a pollinator habitat plan, subject to specified exceptions.

Animal Care

Animal Shelters

Chapter 267 of 2016 required, among other things, an animal shelter to establish and make publicly available by January 1, 2017, a specified written veterinary care protocol for dogs and cats and a specified written protocol for reclaiming animals from the shelter. In an effort to address concerns regarding regulatory oversight and enforcement under Chapter 267, ***House Bill 626*** ***(passed)*** requires MDA, by January 1, 2018, to adopt specified minimum standards of care for dogs and cats in animal shelters. An animal shelter must follow (1) MDA's adopted minimum standards of care and (2) the written protocol for reclaiming animals from the shelter that the animal shelter was required to establish under Chapter 267. A violation of the bill's requirements is subject to an existing civil penalty established under Chapter 267. MDA must adopt regulations to enforce the bill and Chapter 267 by January 1, 2018.

Emergency Veterinary Care – Immunity from Liability

***Senate Bill 269*/*House Bill 216* (both passed)** establish immunity from civil liability for specified individuals, including specified first responders, law enforcement, and medically licensed individuals who are providing veterinary aid, care, or assistance to an animal where the owner or custodian of the animal is not available to grant permission. The immunity from civil liability applies if (1) the act or omission is not one of gross negligence; (2) the veterinary aid, care, or assistance is provided without fee or other compensation from the owner or custodian of the animal; and (3) the veterinary aid, care, or assistance is provided at the scene of an emergency, in transit to a veterinary facility, or through communications with licensed veterinary personnel providing emergency veterinary assistance. Individuals who are immune from liability under the bills also are exempt from specified prohibitions on the practice of veterinary medicine.

Animal Cruelty and Animal Fighting

The State Board of Veterinary Medical Examiners (SBVME) establishes standards for practicing veterinary medicine and governs the profession's conduct and ethics rules. SBVME must adopt regulations encouraging a veterinarian to report suspected instances of animal cruelty, including suspected animal fighting, to a local law enforcement or county animal control agency. ***House Bill 1463* (passed)** requires a veterinarian to report in a timely manner to the appropriate law enforcement or county animal control agency (1) any suspected animal cruelty or (2) any involvement in animal fighting by any animal treated by the veterinarian. The report must contain specified information. If a veterinarian fails to comply with the reporting requirement, SBVME may suspend or revoke the veterinarian's license and censure or place the veterinarian on probation. A veterinarian who reports suspected animal cruelty or animal fighting in good faith, or who participates in a subsequent investigation, is immune from civil liability and criminal prosecution that results from the report or participation in the investigation. SBVME must adopt regulations establishing specified confidentiality procedures and the conditions under which the substance of a report may be disclosed.

Departmental Programs and Functions

Maryland Farms and Families Program

The Farmers Market Nutrition Program (FMNP), the Supplemental Nutrition Assistance Program (SNAP), and the Special Supplemental Food Program for Women, Infants, and Children (WIC) are federal nutrition benefits programs that each can be used at farmers markets. Since 2013, the Maryland Farmers Market Association has administered the Maryland Market Money program, which provides funding to match some federal nutrition benefits used at farmers markets, and is supported by various government, nonprofit, and other entities. ***Senate Bill 278*/*House Bill 586* (both passed)** establish the Maryland Farms and Families Program within MDA. The purpose of the program is to double the purchasing power of food-insecure Maryland residents with limited access to fresh fruits and vegetables and to increase revenue for farmers through redemption of federal nutrition benefits at Maryland farmers markets.

The bills also establish the Maryland Farms and Families Fund to provide grants to qualified nonprofit organizations that match purchases made with FMNP, SNAP, and WIC benefits at participating farmers markets throughout the State. The fund is administered by the Secretary of Agriculture and supported by an annual general fund appropriation of $500,000, subject to the limitations of the State budget. In order to receive a grant, a nonprofit organization must have a demonstrated record of specified experience related to administering, utilizing, and distributing funding. A grant recipient must distribute at least 70% of the grant money to participating farmers markets for healthy local food incentives and may not use more than 30% of the grant money for statewide program development, promotion and outreach, farmers market training and capacity building, technical assistance, program data collection, evaluation, administration, and reporting. Grant recipients must report specified information to MDA.

Food Donation Pilot Program

Chapters 292 and 293 of 2013 established the Task Force to Study the Implementation of a Hub and Spoke Program in the Southern Maryland Region, to provide the low-income, working poor, and unemployed populations of that region with fresh farm products. The final report of the task force, issued in December 2013, recommended creating a pilot distribution system in Southern Maryland whereby fresh produce is donated to a "hub" and then repackaged and distributed to "spokes" for dispersal into the community. The task force recommended creating a tax credit, which it determined would increase the amount of local food donations.

***Senate Bill 416*/*House Bill 472* (both passed)** create a tax credit for eligible food donations made to a specified organization by a qualified farm located in Anne Arundel, Calvert, Charles, Montgomery, Prince George's, or St. Mary's counties. A maximum of $250,000 in credits may be awarded annually in tax years 2017, 2018, and 2019. The Secretary of Agriculture must publish weekly the categories and value of certified organic produce and eligible food donations. In addition, the Secretary, in consultation with the Comptroller, must establish a process to certify tax credit certificate administrators, adopt regulations establishing procedures for issuing specified certificates and for implementing the tax credit program, and, until January 1, 2021, report annually to the Governor and the General Assembly on the use and impact of the tax credit. Finally, the Secretary must notify tax credit certificate administrators to stop issuing certificates if a total of $200,000 in certificates has been issued in a calendar year.

Maryland Healthy Soils Program

While a significant focus of State law addressing soil conservation and the activities of MDA's Office of Resource Conservation is the prevention of soil erosion and the protection of surrounding natural resources affected by agricultural land and activities, many of the best management practices promoted to address those concerns also contribute to improved soil health. To continue and build on existing activities, ***House Bill 1063* (passed)** establishes the Maryland Healthy Soils Program in MDA. The purpose of the program is to (1) improve the health, yield, and profitability of the soils of the State; (2) increase biological activity and carbon sequestration in the soils of the State by promoting practices based on emerging soil science (including planting mixed cover crops, adopting no-till or low-till farming practices, and rotation grazing); and (3) promote widespread use of healthy soils practices among farmers in the State. To carry out the purpose of the program, MDA must provide incentives, including research, education, technical assistance, and, subject to available funding, financial assistance, to farmers to implement farm management practices that contribute to healthy soils. MDA also must determine whether the program may be implemented in a manner to enhance other State and federal programs that provide financial assistance to farmers.

Transfer of Seafood Marketing and Aquaculture Functions

Chapter 411 of 2011 transferred seafood and aquaculture marketing functions from MDA to DNR as part of a consolidation of State aquaculture activities within DNR. DNR, however, does not have staff exclusively devoted to the seafood and aquaculture marketing functions. Moreover, MDA has expertise in marketing resource commodities and has not entirely stopped working with seafood industry partners to promote their products. Accordingly, ***House Bill 120 (Ch. 101)*** transfers certain seafood and aquaculture marketing functions from DNR to MDA, including the Seafood Marketing and Aquaculture Development Program, renamed as the Seafood and Aquaculture Products Marketing Program, and the Seafood Marketing Fund, renamed as the Seafood and Aquaculture Products Marketing Fund. The Act also transfers the Seafood Program Management Team, the Innovative Seafood Technologies Program, and the Seafood Marketing Advisory Commission to MDA. Finally, the Act designates MDA as the lead agency for the marketing of aquaculture products and DNR as the lead agency for the development and overall management of aquaculture and aquaculture products.

Part L
Education

Primary and Secondary Education

State Education Aid

State Aid to Public Schools

State aid for primary and secondary education increases by $61.1 million in fiscal 2018 to $6.4 billion, 1.0 % more than fiscal 2017 aid. State aid provided directly to the local boards of education increases by $113.6 million, or 2.1%, while retirement aid decreases by $52.5 million, or 6.7%. Fiscal 2017 to 2018 changes in major State education aid programs are shown in **Exhibit L-1**.

The foundation program totals $3.0 billion in fiscal 2018, an increase of $43.3 million over fiscal 2017, or 1.5%. This increase is attributable to enrollment growth of 0.8% (6,658 full-time equivalent (FTE) students) and a 0.7% increase in the per pupil foundation amount due to inflation. The increase in the per pupil foundation amount brought it from $6,964 per pupil in fiscal 2017 to $7,012 per pupil in fiscal 2018.

Aside from the foundation program, the largest single increase is $21.7 million for Limited English Proficiency. A portion of the increase is due to a 9.0% enrollment growth in English language learners (5,730 students) while the rest of the increase is attributed to the increase in the per pupil foundation amount. Compensatory education decreases by $3.6 million (0.3%), special education increases by $5.3 million (1.9%), and transportation funding increases by $5.5 million (2.0%). The fiscal 2018 State budget also includes $28.2 million in additional funds for supplemental grants contingent on enactment of ***House Bill 684*** ***(Ch. 6)***, which is discussed in more detail below. For more information on education aid by local school system, see the 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 2017 and 2018
($ in Thousands)

Program	2017	2018	$ Change	% Change
Foundation Program	$2,961,988	$3,005,270	$43,281	1.5%
Net Taxable Income Grant	39,702	49,170	9,468	23.8%
Tax Increment Financing Grant	0	422	422	n/a
Geographic Cost of Education Index	136,898	139,127	2,229	1.6%
Supplemental Grant	46,620	46,620	0	0.0%
Foundation Special Grant	19,430	0	-19,430	-100.0%
Declining Enrollment Supplemental Grant	0	17,237	17,237	n/a
Compensatory Education Program	1,309,146	1,305,545	-3,601	-0.3%
Special Education Program	279,608	284,873	5,266	1.9%
Nonpublic Special Education	$121,618	$123,618	2,000	1.6%
Limited English Proficiency	227,020	248,684	21,664	9.5%
Guaranteed Tax Base	54,511	50,304	-4,207	-7.7%
Student Transportation	270,801	276,341	5,540	2.0%
Prekindergarten Expansion	4,300	7,972	3,672	85.4%
Prekindergarten Supplemental Grant	0	10,949	10,949	n/a
Aging Schools [1]	0	6,109	6,109	n/a
Other Programs[2]	65,877	78,919	13,042	19.8%
Direct Aid Subtotal	**$5,537,519**	**$5,651,160**	**$113,641**	**2.1%**
Teachers' Retirement	**$786,950**	**$734,454**	**-$52,496**	**-6.7%**
Grand Total	**$6,324,469**	**$6,385,615**	**$61,145**	**1.0%**

[1] The Aging Schools Program is funded with general obligation bonds in fiscal 2018.

[2] Other programs include general and special funds supporting the School for Education Evolution and Development, formulas for specific populations, infants and toddlers, innovative programs, food service, teacher development, adult education, and other programs. The General Assembly authorized the Governor to transfer funds for innovative schools to the Maryland Education Development Collaborative ($250,000) and from the Next Generation Scholars Program to the Bard High School Early College Baltimore ($300,000).

Source: Department of Legislative Services

Funding for Baltimore City Schools and Other Systems

Although K-12 enrollment is increasing moderately statewide, declining enrollment has been a persistent issue for several school systems, including Allegany, Calvert, Carroll, Garrett, and Kent counties and, most recently, Baltimore City. The State has provided some additional aid for qualifying jurisdictions based on different criteria since fiscal 2012. Baltimore City lost nearly 1,000 students in the 2017-2018 school year compared to the prior year, which contributed to a decrease of approximately $38 million in direct State aid for fiscal 2018. A portion of the decrease was attributable to a $12.7 million one-time grant received in fiscal 2017 to address declining enrollment from the prior year. These impacts are part of the $130 million structural deficit that the Baltimore City Public Schools (BCPS) was facing for fiscal 2018.

The Commission on Innovation and Excellence in Education, which was established by Chapters 701 and 702 of 2016, is reviewing the adequacy study and State funding formulas as part of its charge and will be making substantial recommendations by December 31, 2017. However, in an effort to provide a more sustainable funding approach for school systems with declining enrollment until the Commission on Innovation and Excellence in Education completes its work and the Governor and the General Assembly act on the recommendations, while also helping BCPS in the short term, the General Assembly adopted a package of legislation in the 2017 session.

Declining Enrollment and Prekindergarten Supplemental Grants: ***House Bill 684*** provides declining enrollment and prekindergarten supplemental grants to eligible local boards of education for fiscal 2018 through 2020. A local board is eligible for an enrollment-based supplemental grant if the county's most recent prior three-year average FTE enrollment is greater than the FTE enrollment in the previous school year. A local board is eligible for a prekindergarten grant if the local board offers a full-day program for all four-year-olds who are enrolled in public prekindergarten. Fifty percent of the amount is provided in fiscal 2018, 75% in fiscal 2019, and 100% in fiscal 2020. This legislation is also discussed in the subpart "Aid to Local Government" within Part A – Budget and State Aid of this *90 Day Report*. Exhibit A-3.3 in that subpart shows estimated funding via the two supplemental grants, the great majority of which will benefit BCPS.

In order for BCPS to receive additional State funds under the Act, Baltimore City must increase its local contribution to BCPS by specified amounts each year. The Baltimore City school board must contract with an independent certified public accountant to conduct an audit of BCPS. The board must also develop a financial recovery plan by August 1, 2017, that addresses all repeat findings of the Office of Legislative Audits and includes steps to achieve greater efficiencies, balance the BCPS budget, and eliminate the BCPS structural deficit by fiscal 2020. Both the bill and ***House Bill 152*** ***(Ch. 23)***, the Budget Reconciliation and Financing Act (BRFA) of 2017, require BCPS to report quarterly beginning November 1, 2017, for two years on specified information related to resolving the budget deficit, including cost efficiencies that can be achieved in collaboration with the Baltimore City government. Finally, the Baltimore City government must develop a plan to sell, lease, convey, assign, or dispose of surplus school system assets.

Teachers' Retirement and Pension Systems: ***House Bill 1109*** ***(Ch. 5)*** relieves local boards of education from their fiscal 2017 obligation to collectively pay $19,695,182 of their share of the employer normal cost. If the Governor does not transfer the fiscal 2017 deficiency appropriation to cover the foregone contributions by county school boards, the Governor must provide an equal amount in fiscal 2018 or 2019 for that purpose. For more information on this issue, see the subpart "Pensions and Retirement" within Part C – State Government of this *90 Day Report*.

State Budget and Budget Reconciliation and Financing Act: In addition, the General Assembly took a series of actions in the fiscal 2018 State budget and the BRFA, ***House Bill 152***, to provide additional education aid or budget relief for BCPS and other school systems. Budget language requires jurisdictions that receive increases in their disparity grants in fiscal 2018 to provide the increase to their school systems above the required maintenance of effort (MOE) funding in fiscal 2018. This includes Baltimore City ($946,445) and Cecil ($196,240), Prince George's ($4,245,462), Washington ($52,938), and Wicomico ($587,801) counties. In addition, Baltimore City must increase its education appropriation by $10 million over MOE in fiscal 2018; if the city fails to appropriate the funds, $10 million of the city's disparity grant funding will be given to BCPS.

The BRFA, ***House Bill 152***, redirects video lottery terminal revenues from the Small, Minority, and Women-Owned Business Account (SMWOBA) to the General Fund in fiscal 2018, and to the Education Trust Fund in fiscal 2019 and 2020, in order to cover a portion of the increased cost of ***House Bill 684***. After fiscal 2020, the revenues go back to SMWOBA. SMWOBA fund managers currently have approximately $20 million in unencumbered funds to distribute as loans to eligible businesses.

Section 16 of the BRFA, ***House Bill 152***, credited BCPS with $4.6 million toward its required fiscal 2018 payment to support the Baltimore City Public School Construction and Revitalization Initiative (Chapter 647 of 2013). The funds are available due to city beverage container tax revenues, which are pledged to the school construction initiative, coming in above estimates.

Many BCPS students use Maryland Transit Administration (MTA) vehicles to get to and from school; MTA charges BCPS a discounted fare costing approximately $6 million annually. Section 24 of the BRFA, ***House Bill 152***, allows BCPS school children to ride MTA vehicles at no charge in the 2017-2018 school year and permits MTA to charge Baltimore City (not BCPS) no more than $5.5 million in fiscal 2018 for the service, which may be paid with highway user revenues. Baltimore City receives an increase of approximately $5.5 million in highway user revenues in the fiscal 2018 State budget.

Transit Services for Baltimore City Public School Students: ***Senate Bill 1149*** ***(passed)*** requires MTA to provide ridership on transit vehicles to any eligible BCPS student from fiscal 2019 through 2021. MTA may not collect fees or reimbursement for these services, and the services must be provided between 5 a.m. and 8 p.m. for school-related or educational extracurricular activities. For a more detailed discussion of this issue, see the subpart "Transportation" within Part G – Transportation of this *90 Day Report*.

Hunger-Free Schools Act of 2017: ***Senate Bill 361/House Bill 287*** ***(both passed)*** extend through fiscal 2022 the provision in law that altered the enrollment count used to calculate State compensatory education aid in fiscal 2017 and 2018 for local boards of education that participate, in whole or in part, in the U.S. Department of Agriculture Community Eligibility Provision (CEP). This allows schools and school systems, including BCPS, to remain in the CEP and not lose State compensatory education aid.

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 2018, matching the fiscal 2017 amount. The General Assembly added language identical to language in the fiscal 2017 budget bill that altered the distribution of funds for the program, so that schools with less than 20% free and reduced-priced meal (FRPM) eligible students receive $65 per student, schools with FRPM eligibility between 20% and 40% 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 with which schools participating in the program must comply in order to receive funding. This language is identical to language included in the fiscal 2017 budget bill.

The BOOST Program provides scholarships for FRPM-eligible students to attend nonpublic schools. The fiscal 2018 budget is the second year to include funding for the program ($5.5 million for fiscal 2018, compared to $4.9 million for scholarships in fiscal 2017); when combined with unexpended fiscal 2017 funds, approximately $6.0 million will be available for scholarships in fiscal 2018. As with fiscal 2017, 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 the BOOST Advisory Board, which reviews and certifies the submitted list of applicants and determines the scholarship amounts, which will then be awarded by MSDE.

The General Assembly added some new requirements for the fiscal 2018 administration of the BOOST Program. First, MSDE must now specify a date by which nonpublic schools participating in the program must submit information necessary for it to fulfill its reporting requirements. Schools that do not submit information by that date are ineligible to participate in the program. Second, students who received scholarships in the prior administration of the program and remain eligible shall receive renewal awards before new scholarships are awarded. For those students who are receiving scholarships for the first time in fiscal 2018, priority must be given to students who attended public school in the prior school year. Finally, the reporting requirements now include how nonpublic schools shall report on the results from the assessments they administer according to federal and State law, data on the amount of nonpublic scholarship aid BOOST students receive, data on English language learners and special education BOOST students, and information on why some students decline BOOST Program scholarships.

State Aid to Maryland Public Broadcasting Commission

The Maryland Public Broadcasting Commission (MPBC) relies heavily on federal funds. Given the unknown future of federal funds, ***Senate Bill 1034*** ***(passed)*** requires, beginning in fiscal 2019, for the Governor to include a general fund appropriation to MPBC if the amount of federal funds received in the most recently completed fiscal year decreases. Additionally, the bill requires certain general funds to be increased in the next fiscal year according to a specified formula. Finally, the bill specifies that, if funds are provided in the fiscal 2018 budget, MPBC must video stream the annual State of the State Address, the floor sessions of the last two weeks of the session, and the State of the Judiciary Address. The General Assembly restricted $500,000 in the fiscal 2018 budget for this purpose.

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, for the Public School Construction Program (PSCP). Although the $2.0 billion goal was met in fiscal 2012, the State has continued to provide at least $250 million for school construction annually. Between fiscal 2006 and 2017, the State invested $3.6 billion (not including contingency funds). The fiscal 2018 capital budget includes $280 million to support the traditional PSCP, all of it provided as general obligation (GO) bonds.

Exhibit L-2 shows the amount of fiscal 2018 school construction funding that has been recommended by the Interagency Committee on School Construction (IAC) for each local education agency to date. This includes the allocation of the first 75% of funds that was approved by the Board of Public Works (BPW) in January 2017 and the IAC's recommendation for allocating 90% of the GO bonds included in the budget.

Exhibit L-2
Fiscal 2018 Public School Construction Funding
($ in Thousands)

Local Education Agency	IAC/BPW Approved 75%	90% Additional IAC Recommendation	90% Total Recommendation
Allegany	$7,700	$2,200	$9,900
Anne Arundel	21,278	2,500	23,778
Baltimore City	21,679	1,205	22,884
Baltimore	26,569	4,000	30,569
Calvert	8,000	2,500	10,500
Caroline	1,646	0	1,646
Carroll	2,384	500	2,884
Cecil	5,014	903	5,917
Charles	7,007	1,500	8,507
Dorchester	4,700	2,500	7,200
Frederick	14,750	2,459	17,209
Garrett	1,352	25	1,377
Harford	7,000	1,000	8,000
Howard	14,894	0	14,894
Kent	0	0	0
Montgomery	26,780	6,541	33,321
Prince George’s	20,783	1,000	21,783
Queen Anne’s	2,403	52	2,455
St. Mary’s	815	0	815
Somerset	0	7,000	7,000
Talbot	0	0	0
Washington	1,746	700	2,446
Wicomico	7,500	2,219	9,719
Worcester	0	0	0
Maryland School for the Blind	6,000	3,196	9,196
Total	**$210,000**	**$42,000**	**$252,000**

BPW: Board of Public Works
IAC: Interagency Committee on School Construction

Note: Does not include $3.2 million in contingency funds for window air conditioning projects.

Source: Public School Construction Program, Interagency Committee on School Construction

In fiscal 2017, BPW withheld $10 million in school construction funding from Baltimore County and $5 million from Baltimore City due to concerns over lack of air conditioning in its school facilities. BPW released Baltimore City's funds and $5 million of Baltimore County's funds in January 2017; however, $5 million of Baltimore County's fiscal 2017 allocation remains withheld. Therefore, the General Assembly reduced the fiscal 2017 PSCP authorization by $5 million and specified the reduction should be taken only from the withheld amount. The General Assembly then increased the public school construction authorization in fiscal 2018 by $5 million and specified the funding be for Baltimore County Public Schools. With this increase, the total authorization for fiscal 2018 is $285 million.

The General Assembly added other language to the PSCP appropriation to clarify that E-rate projects eligible under PSCP be provided funds as grants. Second, language was added that provides that, for fiscal 2018, the IAC shall allocate 100% of the funds available for public school construction projects, including available contingency funds, following the enactment of the capital budget bill. Under the language, the IAC allocations are not subject to BPW approval and are deemed approved pursuant to State law. Lastly, language was added to state the intent of the General Assembly that an additional $5 million in contingency funds be allocated for air-conditioning projects in BCPS.

Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms

The fiscal 2018 capital budget as introduced included $40 million for the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms, in accordance with Chapters 665 and 666 of 2016. The General Assembly added $22.5 million to the program and specified the allocation, bringing the total to $62.5 million in GO bond funding. **Exhibit L-3** details the distribution of this funding. The General Assembly added similar E-rate language to this funding as well.

Exhibit L-3
Grant for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms
Fiscal 2018

Local Education Agency	As Introduced	Additional	Total
Anne Arundel	$6,080,000	$3,400,000	$9,480,000
Baltimore County	8,342,000	4,000,000	12,342,000
Howard	4,170,000	2,500,000	6,670,000
Montgomery	11,835,000	10,000,000	21,835,000
Prince George's	9,573,000	2,600,000	12,173,000
Total	**$40,000,000**	**$22,500,000**	**$62,500,000**

Note: Dorchester County has reserved $178,000 of its fiscal 2017 allocation for projects to be specified in May 2017. Dorchester County did not qualify for funding in fiscal 2018 due to having enrollment below the statewide average over a five-year period.

Source: Public School Construction Program; Department of Legislative Services

Qualified Zone Academy Bonds

House Bill 153 ***(Ch. 32)*** authorizes BPW to issue $4,823,000 in interest-free Qualified Zone Academy Bonds (QZAB) by December 31, 2017, and grant the proceeds to IAC and MSDE for the renovation, repair, and capital improvements of qualified zone academies, including public charter schools, as defined in the federal Internal Revenue Code. Proceeds from the sale of QZABs must be spent no later than three years after the issuance of the bonds.

Public and Nonpublic Aging Schools Program

The fiscal 2018 capital budget includes $6.1 million in GO bond funding for the Aging Schools Program, which provides funds to local school systems for improvements, repairs, and deferred maintenance in public school buildings, with the amount based on each school system's share of older space as compared to statewide totals. The Nonpublic Aging Schools Program, which was first established in the fiscal 2014 capital budget, provides $3.5 million for school construction projects, including school security improvements, to nonpublic schools that are also eligible for the Nonpublic Textbook Program. The fiscal 2018 eligibility requirements and distribution of grants are consistent with the fiscal 2017 capital budget.

County Reimbursement to the State for Outstanding Debt Service

In general, the law requires counties to reimburse the State for any outstanding debt service for schools that (1) were built at least in part using State debt; (2) were initially constructed or substantially altered by additions, alterations, or renovations valued at more than $100,000 and completed after February 1971; (3) are no longer used for school purposes; (4) have had their titles transferred to the county government; (5) are being used for local government purposes other than public education; and (6) have outstanding debt that exceeds $5,000. ***Senate Bill 460/House Bill 441 (both passed)*** delay for two years the date by which a county government must reimburse the State for outstanding debt service on a school building that is transferred to the county in accordance with State law. After the two-year period, the county government, including Baltimore City, must reimburse the State in the amount that the county would have been required to pay when the building was transferred.

Statewide Education Policy

Alternatives to the Traditional Public School Model

Residential Boarding Education Programs: Chapter 397 of 2006 established a public residential boarding school for at-risk youth (the School for Educational Evolution and Development or SEED) that is operated under the supervision of MSDE. At-risk youth include economically disadvantaged students, students with disabilities, or students with records of family issues or school difficulties. When the school began, students were only admitted beginning with the fifth or sixth grade. ***Senate Bill 595/House Bill 1475 (both passed)*** extend eligibility to participate in the SEED school to students enrolled in grade 7 or higher.

Adult High School Pilot Program: The Department of Labor, Licensing, and Regulation's (DLLR) Division of Workforce Development and Adult Learning provides opportunities to adult learners for instruction in basic academic skills, workforce preparation, and English language acquisition, along with high school diploma options. The division provides GED testing to candidates who are at least 17 years old and not enrolled in school. Candidates may also complete the National External Diploma Program, an applied performance assessment system that assesses high school level skills in life and work contexts.

Chapters 243 and 244 of 2016 established the Task Force to Study the Adult High School Concept. In its report, the task force report noted that 9.8% of Maryland residents do not have a high school diploma, which represents more than 200,000 people. ***Senate Bill 866/House Bill 1381 (both passed)*** establish an adult high school pilot program to provide an alternative method for adults who did not graduate from high school to earn a high school diploma and potentially earn postsecondary education credits and industry-recognized certification in an environment that meets the needs of an adult learner. MSDE and DLLR are authorized to approve up to six pilots to be operated by a nonprofit entity that meets specified requirements. By October 1 of each year, the operator of a pilot under the program is required to submit a report including specified information to MSDE and DLLR. By December 1, 2020, MSDE and DLLR must submit a report to the Governor and to the General Assembly evaluating the efficacy of the program. MSDE and DLLR must send a written notice to the pilots discontinuing the program if the agencies determine that it is not effective.

Career Training Goals:* *Senate Bill 317* *(Ch. 149) requires the State Board of Education (State board), in consultation with DLLR and the Governor's Workforce Development Board, to develop statewide goals each year from 2018 through 2024 so that by January 1, 2025, 45% of high school students successfully complete a career and technical education program, earn industry-recognized occupational or skill credentials, or complete a registered youth or other apprenticeship before graduating from high school. By December 1, 2017, the State board must develop a method to consider a student's attainment of a State-approved industry credential or completion of an apprenticeship program as equivalent to earning a score of 3 or better on an Advanced Placement examination for purposes of the Maryland Accountability Program. By December 1, 2017, and annually thereafter, the State board must report to the Governor and to the General Assembly on the progress toward attaining the specified goals. For more information on this issue, see the subpart "Income Tax" within Part B – Taxes and subpart "Labor and Industry" within Part H – Business and Economic Issues of this *90 Day Report.*

Assessments and Accountability

The State board, 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 under State law. The State board and the State Superintendent must implement specified assessment programs in reading, language, mathematics, science, and social studies that include written responses.

Limitations on Mandated Assessments:* *Senate Bill 452*/*House Bill 461* *(both passed) require local boards of education and exclusive employee representatives for teachers in the local school systems to meet and confer regarding school assessments and, by December 1, 2017, and every two years thereafter, mutually agree to a limited amount of time that may be devoted to federal, State, and locally mandated assessments for each grade. If the parties fail to mutually agree, the time that may be devoted to specified assessments must be limited to 2.2% of the minimum required annual instructional hours for every grade except for eighth grade, which must be limited to 2.3%.

The bills also require the middle school social studies assessment to (1) consist of criterion-referenced and performance-based tasks; (2) be administered to the greatest extent possible within existing class periods; and (3) be implemented beginning in the 2019-2020 school year. The current high school social studies assessment must be redesigned by MSDE in collaboration with other entities to meet the same criteria as the middle school social studies assessment by the 2018-2019 school year.

Consolidated State Plans and Improvements Plans: The Every Student Succeeds Act (ESSA) is the most recent re-authorization of the federal Elementary and Secondary Education Act (ESEA), which provides federal funds for elementary and secondary education. Maryland is in the process of transitioning to a new student accountability plan under ESSA that requires significantly more data collection and publishing and changes the school improvement requirements as explained below. MSDE must submit its consolidated State plan with the new accountability measures and school improvement indicators to the U.S. Department of Education by September 18, 2017, for implementation beginning in the 2017-2018 school year.

Under the previous authorization of ESEA, known as No Child Left Behind, each state educational agency (SEA) was required to hold schools accountable based solely on results on statewide assessments and one other academic indicator. Under ESSA, each SEA is required to have an accountability system that is state-determined and based on multiple indicators, including at least one indicator of school quality or student success and, at a state's discretion, an indicator of student growth. ESSA also significantly modified the requirements for differentiating among schools and the basis on which schools must be identified for comprehensive or targeted support and improvement. ESSA gives SEAs and local educational agencies discretion to determine the evidence-based interventions that are appropriate to address the needs of identified schools.

House Bill 978 ***(Ch. 29)*** requires the State's educational accountability program to include at least three school quality indicators that measure the comparative opportunities provided to students or the level of student success in public schools. One of the school quality indicators must be school climate surveys. Other school quality indicators may include: class size; case load; opportunities to enroll in Advanced Placement courses and International Baccalaureate Programs; opportunities for dual enrollment; opportunities to enroll in career and technology education programs; chronic absenteeism; data on discipline and restorative practices; and access to teachers who hold an Advanced Professional Certificate or have obtained National Board Certification. The school quality indicators used may not be based on student testing.

Of the academic indicators established by the State board, one must be access to or credit for completion of a well-rounded curriculum that is indicative of on-track progress at key transition points within elementary and secondary education.

The Act requires the State board to establish a composite score that includes both academic and school quality indicators that provide for meaningful differentiation of schools. The composite score must (1) incorporate a methodology that compares schools that share similar demographic characteristics, including the proportion of economically disadvantaged students; (2) be reported in a manner that states for each score the individual indicator score that is used to calculate the composite score for each school; (3) be calculated numerically in a percentile form; and (4) may not be reported using a letter grade model.

The combined total of the academic indicators may not exceed 65% of the composite score. No academic or school quality indicator may be weighted as less than 10% of the total amount of the composite score. Subject to these restrictions, the final weights of the academic and school quality indicators must be determined by the State board with stakeholder input.

Comprehensive and targeted support and improvement plans must be implemented in compliance with existing collective bargaining agreements between the local boards of education and the exclusive bargaining representative. For each public school identified by MSDE for comprehensive support and improvement, the local board of education must develop and implement a plan to improve student outcomes at the school. The plan must be developed in consultation with specified individuals and stakeholders, and the school, local board, and MSDE must approve and annually review the plan.

For each public school identified by MSDE for targeted support and improvement, the school must develop and implement a plan to improve student outcomes at the school. A targeted support and improvement plan must meet the same specified requirements as those for comprehensive support and improvement plans. The local board of education must monitor and annually review the plan.

After a two-year period from the date of a plan's implementation, if a local board of education determines that student outcomes have not improved at a public school, the local board must consult with the school to develop additional strategies and interventions including funding, community supports, and grants provided in the Public School Opportunities Enhancement Program. After a three-year period, if MSDE determines that student outcomes have not improved at a public school and intervention is necessary, MSDE must collaborate with the local board of education in determining the appropriate intervention strategy, subject to existing collective bargaining agreements. An intervention strategy may not include (1) creating a State-run school district; (2) creating a local school system in addition to the existing 24 school systems; (3) converting or creating a new public school without local board approval; (4) issuing scholarships to public school students to attend nonpublic schools through direct vouchers, tax credit programs, or education savings accounts; and (5) contracting with a for-profit company. A decision of MSDE regarding an intervention strategy is final.

The Governor vetoed the bill, but the General Assembly overrode the veto during the 2017 session and the bill became law, ***House Bill 978***.

Kindergarten Assessment: ***Senate Bill 145***/***House Bill 654*** ***(both passed)*** alter the date by which a statewide kindergarten assessment that is administered with the purpose of measuring school readiness is required to be completed from October 1 to October 10.

Early Learning Assessment: ***Senate Bill 667/House Bill 548*** ***(both passed)*** authorize a county board to administer the early learning assessment to enrolled prekindergarten students in the county after consultation with prekindergarten teachers, including teachers nominated by the exclusive bargaining representative, in determining how to implement the assessment. The bills otherwise authorize the early learning assessment to be administered to prekindergarten students only to identify a disability.

Students with Disabilities

The federal Individuals with Disabilities Education Act (IDEA) 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 Consent: ***Senate Bill 710/House Bill 174*** ***(both passed)*** require the IEP team to obtain written consent from a parent if the team proposes to (1) enroll the child in an alternative education program that does not issue or provide credits toward a high school diploma; (2) identify alternative assessment aligned with the State's alternative curriculum; or (3) include restraint or seclusion in the IEP to address the child's behavior. If the parent does not provide written consent at the IEP team meeting, the IEP team must send the parent written notice within 5 business days of the IEP meeting that the parent has the right to either consent or refuse to consent to an action described above. If the parent does not provide the written consent or refusal to consent within 15 business days of the IEP team meeting, the IEP team may implement the proposed action. If a parent refuses to consent to the proposed action, the IEP team may use the dispute resolution process to resolve the matter.

Study of Individualized Education Programs: ***House Bill 1240*** ***(passed)*** requires MSDE, in consultation with each local school system, to review and assess the current allocation of State and local education staff and other State agencies and supporting resources that are available to assist the parents and guardians of children with disabilities to participate in the IEP process, including procedures relating to the identification, evaluation, and educational placement of a child, the provision of a free and appropriate education, dispute resolution procedures, and the population density of students with IEPs and special education teachers. A report to the General Assembly is due by December 31, 2018, on its findings. On or before July 1, 2018, MSDE, in consultation with the Department of Budget and Management and the Department of Legislative Services, must contract with a public or private entity to conduct an independent study of the IEP process in the State, including specified information, and to make specified recommendations. MSDE must report the findings and recommendations of the independent study to the General Assembly on or before July 1, 2019.

Restraint and Seclusion of Students: ***Senate Bill 786*** ***(passed)*** requires MSDE to convene a task force to examine policies and practices related to behavioral interventions in schools, including the use of restraint, seclusion, and trauma-informed interventions. The task force must report to the State board and the General Assembly by October 1, 2017, on specified findings and recommendations related to the use of seclusion, if authorized. MSDE must propose regulations to the State board by December 1, 2017. Public agencies, as defined by the bill, and nonpublic schools are required to report annually beginning December 1, 2018, to MSDE on the use of physical restraint and seclusion, as well as on any professional development provided to school personnel related to positive behavior interventions, strategies, and supports and trauma-informed interventions. MSDE must provide guidance to public agencies and nonpublic schools regarding the requirements for the use of seclusion and the rooms for seclusion and report to the General Assembly regarding any findings and recommendations reported to MSDE relating to this issue.

Emergency and Evacuation Plans: ***House Bill 1061*** ***(passed)*** requires MSDE, in consultation with certain advocacy groups, to update the Emergency Planning Guidelines for Local School Systems and Schools by December 1, 2017, to accommodate, safeguard, and evacuate individuals with disabilities on public school grounds in accordance with federal Americans with Disabilities Act (ADA). By July 1, 2018, each local school system must update its emergency plan to comply with the updated guidelines and regulations. If a student with an IEP or a 504 plan requires specific accommodations for evacuation in an emergency, the student's needs must be addressed.

Specialized Intervention Services: ***Senate Bill 1*** ***(passed)*** requires that, beginning with the 2018-2019 school year, each local board of education must, by December 1 of each year, submit a report on specialized intervention services to the State board. The report must include information on the number of students in kindergarten through grade 3 receiving the services, the grades in which the services were provided, and the annual budget (including federal, State, and local funds) for the services. MSDE must establish guidelines for the report that each local board must submit. MSDE and each local board of education must annually post the information required under the bill on their respective websites.

Dispute Resolution Process: ***Senate Bill 943*****/*****House Bill 456*** ***(both passed)*** require MSDE to develop a dispute resolution process to be used by families of children with disabilities and child care providers for resolving complaints of discrimination based on a child's disability. In developing the specific components of the dispute resolution process, MSDE must convene a workgroup that includes specified entities, including MSDE's Office of Child Care, child care providers, and representatives from advocacy organizations. By October 1, 2017, MSDE must submit to the General Assembly a report that includes the dispute resolution process developed by the workgroup and draft legislation or regulations to implement the dispute resolution process.

Early Childhood Education

Universal Prekindergarten: ***House Bill 516*** ***(Ch. 25)*** is an emergency bill that establishes the Workgroup to Study the Implementation of Universal Access to Prekindergarten for 4-Year-Olds. The workgroup is required to estimate the number and proportion of eligible four-year-old children currently being served by publicly funded prekindergarten programs using specified data and to make recommendations regarding an implementation plan based on the January 2016 report, *A Comprehensive Analysis of Prekindergarten in Maryland*, to make quality, full-day prekindergarten universally available to 4-year-old children. The workgroup is required to submit a report of its findings and recommendations to the Commission on Innovation and Excellence in Education on or before September 1, 2017. The commission must submit its final recommendations on numerous education programs including prekindergarten by December 31, 2017.

Child Care Subsidy Program: ***Senate Bill 294*****/*****House Bill 418*** ***(both passed)*** require MSDE, beginning in 2017 and every two years thereafter, to conduct a market rate survey or an alternative method allowable under federal law, to formulate appropriate reimbursement rates for the Child Care Subsidy Program. By September 1, 2017, and every two years thereafter, MSDE must report specified information to the Joint Committee on Children, Youth, and Families, the Senate Budget and Taxation Committee, and the House Appropriations Committee.

Senate Bill 293**/*****House Bill 395*** ***(both passed)*** require MSDE to report to the Joint Committee on Children, Youth, and Families; the Senate Budget and Taxation Committee;

and the House Appropriations Committee on alternative methodologies other than a market rate survey to set reimbursement rates in the Child Care Subsidy Program on or before October 1, 2017.

Head Start School Vehicle: ***Senate Bill 341*** ***(passed)*** alters the definition of school vehicle to allow the Head Start and Early Head Starts programs to transport children participating in the program in vehicles that meet specified requirements. For a more detailed discussion of this issue, see the subpart "Motor Vehicles" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Health and Safety

School Safety

Testing for Lead in School Drinking Water: ***House Bill 270*** ***(passed)*** requires the Maryland Department of the Environment, in consultation with MSDE, the Department of General Services, and Maryland Occupational Safety and Health, to adopt regulations to require periodic testing for the presence of lead in each drinking water outlet located in an occupied public or nonpublic school building. For a more detailed discussion of this issue, see the subpart "Environment" within Part M – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

Fire Drills: ***Senate Bill 201/House Bill 1066*** ***(both passed)*** require the State Superintendent to require each county superintendent to hold a fire drill in each public school in accordance with the State Fire Prevention Code, instead of at least 10 times per school year and at least once every 60 days.

Grant Program for Security-related Facility Upgrades: ***Senate Bill 1191/House Bill 1661*** ***(both passed)*** authorize the Maryland Center for School Safety to make grants to schools and child care centers determined to be at risk of hate crimes or attacks for security-related personnel and for security-related technology, facility upgrades, and training.

School Crossing Guards: ***Senate Bill 78/House Bill 1301*** ***(both passed)*** expand the authority of qualified school crossing guards, except in Baltimore City, to direct vehicles and pedestrians on a highway or on school grounds in order to assist nonschool vehicles in entering and leaving school grounds.

Heroin and Opioid Addiction and Overdose Prevention and Education

According to a Department of Health and Mental Hygiene (DHMH) 2016 report, drug- and alcohol-related intoxication deaths in Maryland increased for the fifth year in a row, totaling 1,259 deaths in 2015 – a 21% increase since 2014 and an all-time high. Of all intoxication deaths, 1,089 deaths (86%) were opioid related, including deaths related to heroin, prescription opioids, and nonpharmaceutical fentanyl. Opioid-related deaths increased by 23% between 2014 and 2015 and have more than doubled since 2010. Heroin- and fentanyl-related deaths have risen particularly sharply. Many addictions begin during the teenage years when teenagers gain access to the prescription medications of family and friends.

***Senate Bill 1060*/*House Bill 1082* (both passed)** establish various policies and procedures for public schools and institutions of higher education relating to the prevention of heroin and opioid addiction and overdose. The bills require the State board to include heroin and opioid addiction and prevention, including a discussion of fentanyl, as part of the drug addiction and prevention program in public schools. County boards of education must establish a policy in accordance with school health guidelines and State laws and regulations for its public schools to authorize the school nurse, school health services personnel, and other school personnel to administer overdose-reversing medication to a specified individual and to obtain and store overdose-reversing medication at the public school to be used in an emergency situation. The policy must also include a method for notifying the parents and guardians of students of the school's policy at the beginning of each school year.

A county board or the local health department, by local agreement, is required to hire a sufficient number of either county or regional community action officials to coordinate public forums and conduct public relations campaigns, or to develop and implement a program that provides these same functions. The Governor is required to include to at least $3 million in the fiscal 2019 budget for MSDE to award grants to local boards of education to implement the bill's policy and training requirements and to disburse the grant money based on the enrollment count of students in public schools in the State for the prior fiscal year.

On or before October 1 of each year, each public school must submit a report to MSDE on each incident at the public school that required the administration of an overdose-reversing medication. MSDE is required to report this information to the General Assembly on or before December 1 of the years 2018, 2019, and 2020.

The bills also require a county board to consult with the county superintendent before hiring or terminating school health services program personnel. Under State law, each county board of education must designate a school health services program coordinator; a county board may authorize the county health department to designate the program coordinator.

For a further discussion of ***Senate Bill 1060*** and ***House Bill 1082*** regarding the higher education provisions of these bills, see the subpart "Higher Education" within this part of this *90 Day Report*.

Health and Mental Health

Behavioral Health Counseling: Maryland regulations require each local school board to provide a coordinated program of pupil services for all students, which must include school counseling, pupil personnel services, school psychology, and health services. The pupil services program must focus on the health, personal, interpersonal, academic, and career development of students. ***House Bill 786* (passed)** requires DHMH, in conjunction with MSDE, to recommend best practices for local boards of education to provide to students (1) behavioral needs assessments and (2) individualized or group behavioral health counseling services with a health care provider through a school-based health center or community-partnered school-based behavioral health services. The bill also prohibits a carrier, including an insurer, a nonprofit health service plan, or a health maintenance organization, on or after July 1, 2017, from denying a covered medically necessary behavioral health care service provided by a participating provider to a member who is a student solely on the basis that the service is provided at a public school or through a school-based health center.

Maryland Council on Advancement of School-Based Health Centers: ***Senate Bill 233/House Bill 221 (both passed)*** transfer the Maryland Council on Advancement of School-Based Health Centers from MSDE to DHMH. For more information on this issue, see the subpart "Health Care Facilities and Regulation" within Part J – Health and Human Services of this *90 Day Report*.

Anonymous Two-way Electronic Tip Program: Chapter 489 of 2008 required MSDE to develop a model policy that prohibits bullying, harassment, and intimidation in schools that includes procedures for reporting bullying, investigating reports of bullying, and disciplining students who violate school bullying policies. Using the model policy, local boards of education were required to develop policies for the public schools under their jurisdiction. ***House Bill 669 (passed)*** authorizes a local board of education to establish a two-way electronic tip program for the anonymous reporting of bullying, harassment, or intimidation of a student. The information received through the electronic tip program is confidential and may not be made part of a student's permanent educational record. The Governor may include funding in the State budget to provide grants to local boards of education to establish an anonymous two-way electronic tip program.

Training on Youth Suicide Risk: ***House Bill 920 (passed)*** requires the State board to require, by July 1, 2018, all certificated school personnel who have direct contact with students on a regular basis to complete training by December 1 each year in the skills required to (1) understand and respond to youth suicide risk and (2) identify professional resources to help students in crisis. Each local board of education must determine the method of training, which must be provided to certificated school personnel during an in-service program or through a professional development requirement that may be met during time designated for professional development. A person may not bring a personal injury or wrongful death action against a county board for an act or omission resulting from the training or lack of training unless the act or omission of the certificated school employee who completed the training was willful, wanton, or grossly negligent.

Feminine Hygiene Products: ***Senate Bill 625/House Bill 1067 (both passed)*** require the Department of Human Resources to make available to local boards of education a free supply of feminine hygiene products sufficient to meet the needs during the normal school year of female students who are determined to be homeless children or youth under the federal McKinney-Vento Homeless Assistance Act. The local boards, through school nurses, must make the products available for free to qualifying female students in schools. For more information on this issue, see the subpart "Housing and Community Development" within Part H – Business and Economic Issues of this *90 Day Report*.

Lacrosse Opportunities Program: Chapter 706 of 2012 established the Lacrosse Opportunities Program to increase opportunities for minority students to participate in lacrosse in their communities. In addition to local education agencies serving student populations of which at least 80% are minority students, ***House Bill 708*** ***(passed)*** extends grant eligibility to a youth lacrosse nonprofit organization that meets specified requirements by authorizing them to apply to MSDE for a grant under the program.

School-based Behavioral Health Services: ***House Bill 1522*** ***(enrolled)*** requires DHMH and MSDE to conduct a needs assessment for student school-based behavioral health services that includes data concerning all public school jurisdictions. In conducting the needs assessment, DHMH and MSDE must consult with local education agencies and other interested stakeholders.

School Breakfast Program: The Maryland Meals for Achievement In-classroom Breakfast Program provides a free in-class breakfast to all students enrolled in schools in which 40% or more of the students qualify for free and reduced-price meals. Schools are selected to participate in the program and must serve breakfasts that meet the MSDE guidelines and the nutritional standards of the U.S. Department of Agriculture for schools that participate in the federal school breakfast program. ***Senate Bill 359***/***House Bill 257*** ***(both passed)*** authorize secondary schools that participate in the program to serve breakfast in any part of the school, including from "Grab and Go" carts, after students arrive at school. The bill also clarifies that schools that provide breakfasts in the classroom through the program must serve the breakfasts after the arrival of students to the school.

School Discipline and Attendance

Restorative Practices: ***House Bill 1287*** ***(passed)*** establishes the Commission on the School-to-Prison Pipeline and Restorative Practices to study and analyze the current disciplinary practices in Maryland public schools, investigate ways to implement restorative practices, and examine national best practices for training school personnel and engaging parents in restorative practices and eliminating the school-to-prison pipeline. The commission is staffed by the Center for Dispute Resolution at the University of Maryland School of Law. MSDE must brief the commission on specific school discipline topics. The commission must report its findings and recommendations to the Governor and General Assembly by January 1, 2019.

Suspensions and Expulsions: ***Senate Bill 651***/***House Bill 425*** ***(both passed)*** prohibit a student enrolled in a public prekindergarten program, kindergarten, first, or second grade from being suspended or expelled from school, subject to certain exceptions. A student in these grades may be expelled only if required by federal law. A student in these grades may be suspended for up to five school days if the school administration, in consultation with a school psychologist or other mental health professional, determines that there is an imminent threat of serious harm to other students or staff that cannot be reduced or eliminated through interventions and supports. A school must provide intervention and support to suspended students, and to students who are disruptive to the school environment or commit an act that would otherwise be grounds for suspension. MSDE must adopt regulations to implement the bill by May 1, 2018.

Remote Classroom Technology Grant: MSDE has established minimum requirements for providing instructional services to public school students who are unable to participate in their school of enrollment due to a physical or emotional condition. These programs are generally known as home and hospital teaching programs. In implementing these programs, a school system must comply with the federal IDEA, ADA, and § 504 of the Rehabilitation Act of 1973, as appropriate. ***Senate Bill 485*/*House Bill 197* (both passed)** establish the Remote Classroom Technology Grant Program (Peyton's Bill) to provide grants to public schools to purchase technology to allow students with medical conditions to participate in classrooms remotely if in-person attendance is not possible. The Governor may include an annual appropriation for the program in the State budget.

Pregnant and Parenting Students: Under Title IX of the Education Amendments of 1972, discrimination on the basis of sex in educational programs and activities is prohibited for all schools receiving federal funding. Federal regulations implementing Title IX prohibit discrimination against a student based on pregnancy, childbirth, false pregnancy, termination of pregnancy, or recovery from any of these conditions and prohibit a school from applying any rule related to a student's parental, family, or marital status that treats students differently based on their sex.

***Senate Bill 232/House Bill 616* (both passed)** require that a student's absence due to pregnancy or parenting needs is a lawful absence. Each county board must develop a written attendance policy for pregnant and parenting students that meets at least specified requirements, including providing excused absences after the birth of a student's child and absences due to the illness or medical appointment of a student's child. In addition to home and hospital services, the school may allow a student to make up the work that the student missed in a time period that equals at least as many days that the student was absent. A student may choose one of the following alternatives to make up the missed work: retake a semester; participate in an online course credit recovery program; or allow the student six weeks to continue at the same pace and finish at a later date. The county board must publish the policy on its website.

Other Legislation

***Libraries:* *Senate Bill 587*/*House Bill 1094* (both passed)** establish the Maryland State Library Agency and a 12-member Maryland State Library Board and abolish the Division of Library Development and Services within MSDE, as well as the 12-member Maryland Advisory Council on Libraries. The State Librarian is appointed by the new board as the head of agency. The bill generally transfers the authority and responsibilities of MSDE related to library development in the State to the new board.

Public School Labor Relations Board: The Public School Labor Relations Board (PSLRB) administers and enforces the labor relations laws for local boards of education and their employees. The State board may conduct hearings, subpoena witnesses, administer oaths, take the testimony or deposition of a person under oath, and conduct investigations. ***House Bill 746* (passed)** requires the member who represents the public to be chair of the PSLRB and requires the Attorney General to assign an assistant Attorney General to provide legal services to PSLRB, the Higher Education Labor Relations Board, and the State Labor Relations Board. The bill also alters specified powers of PSLRB with respect to the administration and enforcement of the collective bargaining process for certificated and noncertificated public school employees.

Maryland Education Development Collaborative:* *Senate Bill 908* *(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 that enhance twenty-first century learning and socioeconomic diversity among students. This includes collaborating with stakeholders to provide a research and development approach to twenty-first century learning. 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 evidence-based programs existing in the State's public schools that enhance learning and diversity, 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. The General Assembly restricted $250,000 in the fiscal 2018 State budget for EDCO, contingent on enactment of ***Senate Bill 908***.

Public School Employee Whistleblower Protections:* *House Bill 1145* *(passed) prohibits a public school employer from taking, or refusing to take, any personnel action as reprisal against a public school employee because the employee discloses or threatens to disclose unlawful behavior, provides information or testifies for an investigation of unlawful behavior, or objects to or refuses to participate in unlawful behavior. The protection only applies if (1) the public school employee has a good faith belief that the employer is engaged in unlawful activity; (2) the employee discloses specified information that the employee believes evidences an abuse of authority, a danger to public health or safety, or a violation of law; and (3) the public school employee has reported the behavior in writing to a supervisor or administrator and afforded the employer a reasonable opportunity to correct the activity. A public school employee must exhaust any administrative remedies before instituting a civil action under the bill.

Primary, Secondary, and Higher Education into the Workforce (P-20)

Pathways in Technology Early College High Schools

Chapter 144 of 2016 established the Pathways in Technology Early College High (P-TECH) schools in Maryland, which are public schools that offer grades 9 through 14 and that integrate high school, college, and the workplace. The result is intended to be a seamless pathway that enables students to graduate in six years or less 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. Other aspects of the P-TECH program are open admission and no cost to students. At least 50% of available space in a P-TECH school must be reserved for students who met the free and reduced-price meal income criteria.

The first P-TECH schools in Maryland opened for students in Baltimore City in the 2016-2017 school year with 50 ninth grade students at Paul Laurence Dunbar High School and 50 ninth grade students at Carver Vocational-Technical High School. The fiscal 2018 budget includes $855,000 for the P-TECH program. Of this amount, $600,000 is for P-TECH planning grants for an additional six P-TECH schools. The budget states that funds for new P-TECH schools during the 2017-2018 school year may be used only for one P-TECH school for Allegany County public schools; one P-TECH school serving Queen Anne's County, Talbot County, and Caroline County public schools; and two P-TECH schools for Prince George's County public schools.

Senate Bill 319 ***(passed)*** alters many aspects of the P-TECH School Program and establishes funding mechanisms for the program. The P-TECH funding mechanisms established in the bill include (1) inclusion of P-TECH students in the K-12 Foundation Program funding formula for public schools; (2) P-TECH planning grants; (3) P-TECH supplemental school grants; (4) P-TECH supplemental college grants; and (5) inclusion of P-TECH students in the Senator John A. Cade Funding Formula for local community colleges and the Baltimore City Community College (BCCC) funding formula.

Specifically, after the fourth year of the program P-TECH students are included in the full-time equivalent student enrollment for the Foundation Program funding formula as follows: (1) multiply the number of students who are enrolled in the fifth year of the program by 0.50 and (2) multiply the number of students who are enrolled in the sixth year of the program by 0.25. The State share of a P-TECH supplemental school grant is increased to at least $750 per P-TECH student per school year and must be used for P-TECH school costs. A local board of education that receives a P-TECH supplemental school grant must match 100% of the State share.

The bill establishes a P-TECH supplemental college grant that is equal to the tuition and fees that would normally be charged for the classes in which the P-TECH student is enrolled. The State share of a P-TECH supplemental college grant must be calculated and distributed by the State to college partners. For counties that received a disparity grant in the prior fiscal year, the State share is 50%, and the local share is 50%. For counties that did *not* receive a disparity grant in the prior fiscal year, the State share is 25%, and the local share is 75%.

Under the bill, beginning in fiscal 2019, no new P-TECH planning grants may be awarded for new P-TECH schools until the 2016-2017 cohort of P-TECH students completes the six-year pathway sequence. The Maryland State Department of Education (MSDE) must report on the program annually and, by December 1, 2023, provide an evaluation of whether the P-TECH school program is successful in preparing students for the workforce or further postsecondary education.

Maryland Longitudinal Data System

Chapter 190 of 2010 established the Maryland Longitudinal Data System (MLDS) to contain individual-level student and workforce data from all levels of education and the State's workforce. The legislation also established the MLDS Center within State government to serve as a central repository for the data, to ensure compliance with federal privacy laws, to perform research on the data sets, and to fulfill education reporting requirements and approved public information requests. ***Senate Bill 1165***/***House Bill 680*** ***(both passed)*** increase the length of time during which student and workforce data used by the MLDS may be linked from 5 years from the date of latest attendance in any educational institution in the State to 20 years. In addition, the bills prohibit the MLDS Center from selling any information that may not be disclosed under the federal Family Educational Rights and Privacy Act and other relevant privacy laws and policies and also prohibit the center from charging user fees.

Teacher Preparation Programs

In general, to offer a teacher preparation program (undergraduate or graduate) that would certify a recipient to teach, an institution of higher education in the State must have national accreditation. As of September 2016, the U.S. Department of Education no longer recognizes an accrediting agency for teacher preparation programs. To address this problem, ***House Bill 715*** ***(passed)*** authorizes an alternative method of approving teacher preparation programs and makes other changes related to the approval of teacher preparation programs in the State. Specifically, the bill authorizes MSDE to approve the offering of teacher preparation programs by qualified institutions of higher education. The bill applies prospectively after July 1, 2016.

Openly Licensed Educational Resources

Senate Bill 424/***House Bill 967*** ***(both passed)*** require the Governor to include $100,000 in the fiscal 2019 State budget as a grant to the William E. Kirwan Center for Academic Innovation (the center) at the University System of Maryland (USM) for the Maryland Open Source Textbook (MOST) Initiative. The funds may be used to award grants related to openly licensed educational resources, reimburse MOST initiative expenses, and reimburse fiscal 2018 expenditures for these activities. To the extent practicable, funds allocated must be for the adoption, adaptation, and creation of openly licensed educational resources that are equally accessible to and independently usable by individuals with disabilities. In addition, the center and MSDE must jointly explore the possibility of providing all students in primary and secondary education with high-quality, low-cost learning materials and resources such as openly licensed educational resources. The center and MSDE must submit an interim report by December 31, 2017, and findings and recommendations by December 31, 2018.

Higher Education

Operating Funding

State support for higher education in the fiscal 2018 budget totals $2.0 billion, an increase of $49.2 million or 2.5% over fiscal 2017 as shown in **Exhibit L-4**. Public four-year institutions receive the bulk of the new State funds, totaling approximately $32.5 million, which includes new general funds and Higher Education Investment Funds.

Exhibit L-4
State Support for Higher Education
Fiscal 2017 and 2018
($ in Thousands)

	FY 2017[1]	FY 2018[2]	$ Change FY 17-18	% Change FY 17-18
University System of Maryland	$1,325,338,118	$1,356,249,727	$30,911,609	2.3%
Morgan State University	93,203,381	94,950,321	1,746,940	1.9%
St. Mary's College	25,159,549	24,964,954	-194,595	-0.8%
MHEC Special Grants[3]	3,451,696	3,462,976	11,280	0.3%
MHEC Grants for Maryland 529	0	5,294,500	5,294,500	
Community Colleges[4]	314,335,016	317,797,636	3,462,620	1.1%
Baltimore City Community College	40,064,442	40,002,171	-62,271	-0.2%
Independent Institutions	46,817,333	51,000,000	4,182,667	8.9%
MHEC Administration	7,414,779	9,550,214	2,135,435	28.8%
MHEC Student Financial Aid	106,398,282	108,082,282	1,684,000	1.6%
Total	**$1,962,182,596**	**$2,011,354,781**	**$49,172,185**	**2.5%**

BCCC: Baltimore City Community College
MHEC: Maryland Higher Education Commission
UMB: University of Maryland, Baltimore Campus
UMUC: University of Maryland University College

[1]Fiscal 2017 general funds are adjusted to reflect deficiencies.
[2]Fiscal 2018 general funds are adjusted to reflect across-the-board reductions and anticipated transfers of Office for Civil Rights enhancement funds to Historically Black Colleges and Universities, the WellMobile to UMB, and management of the Waldorf Center to UMUC.
[3]Special grants funded with State general and special funds are included. Pass-through grants in the fiscal 2018 budget are shown within the institutions that will receive the funds rather than within MHEC.
[4]Community College funds include the Senator John A. Cade formula, other programs, fringe benefits, and one-time grant funds for colleges that hold in-county tuition increases to 2%, including BCCC.

Source: Maryland State Budget Books; Department of Legislative Services

University System of Maryland and Morgan State University

USM receives an increase of $30.9 million, or 2.3%, over fiscal 2017. This includes $10.0 million mandated in Chapter 25 of 2016 requiring the Governor to provide $4.0 million to the University of Maryland, Baltimore Campus and $2.0 million to the University of Maryland, College Park Campus to establish two research centers and $4.0 million ($3.5 million to the University of Maryland Baltimore County and $0.5 million to Towson University) to increase the funding attainment levels of those residential campuses with the lowest estimated funding guideline attainment level in fiscal 2016. However, a fund balance transfer of $30.0 million from USM to the general fund in fiscal 2017 was included in the Budget Reconciliation and Financing

Act of 2017. Morgan State University (MSU) receives an increase of $1.7 million, or 1.9%, over fiscal 2017.

The budget provides funds for USM institutions and MSU, respectively, to limit increases in resident undergraduate tuition to 2%. The budget provides $16.4 million and $0.7 million to USM and MSU, respectively; however, tuition increases are contingent upon the approval of USM's and MSU's Board of Regents.

St. Mary's College of Maryland

St. Mary's College of Maryland (SMCM) receives a decrease of about $0.2 million, or 0.8%, in State support over fiscal 2017. This is due to a one-time information technology (IT) grant of $1.1 million in fiscal 2017. Excluding this IT grant, State support for SMCM grows $0.9 million, or 3.9%, in fiscal 2018. This includes approximately $0.4 million to limit the tuition increase to 2.0% for resident undergraduates in the 2017-2018 academic year.

Community Colleges

Overall, State funding for community colleges increases by about $3.5 million, or 1.1%, over fiscal 2017. The Senator John A. Cade Funding Formula grows by about $1.0 million and retirement programs decrease by about $1.5 million. In addition, there is a new, one-time $4.0 million grant in fiscal 2018 for community colleges, including BCCC. To receive funding, institutions must not increase tuition by more than 2% in fiscal 2018. Funding will be distributed in proportion to total community college enrollment using each institution's enrollments used to calculate State support. This funding will not be included in calculating State support for fiscal 2019.

State funding also provides hold harmless grants to nine two-year institutions, totaling $3.1 million. 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 2018, and the formula was not modified for future years.

BCCC, Maryland's only State-operated community college, has a separate statutory funding formula. In fiscal 2018, due to an ongoing decline in student enrollment, BCCC's hold harmless clause in current law maintains direct State support at the fiscal 2017 level of $39.8 million. When including English for Speakers of Other Languages funding of $0.8 million and a legislative restriction on $0.6 million, total State support for BCCC amounts to $40.0 million in fiscal 2018, a 0.2% decrease over fiscal 2017.

Independent Institutions

Independent institutions receive $51.0 million through the Joseph A. Sellinger formula in fiscal 2018, an increase of $4.2 million, or 8.9%, from fiscal 2017. This large growth is due to

$4.0 million in cost containment made to the fiscal 2017 formula, which caused significant growth in Sellinger formula funding in fiscal 2018. The growth in formula funding would have been larger if not for a $2.4 million reduction through legislative action. As with the Cade formula, no adjustments were made to the Sellinger formula for future years.

Financial Aid Funding

Student financial aid programs receive a total of $108.1 million in State support in the fiscal 2018 budget, a $1.7 million, or 1.6%, increase over fiscal 2017. While there is $0.1 million in new funding for a new loan assistance repayment program for foster care recipients, almost all other programs are level funded in fiscal 2018. The largest need-based aid program, the Delegate Howard P. Rawlings Educational Excellence Awards (EEA), receives $82.8 million, an increase of about $1.2 million, or 1.4%, over fiscal 2017. In addition, legislative action restricts $0.3 million in extra funding for Delegate Scholarships to make additional EEA awards. Over the past few years, the Maryland Higher Education Commission (MHEC) has worked to spend down the accumulated balance in the Need-Based Student Financial Assistance Fund (NBSFAF), which includes canceled or unspent financial aid award funds that are carried forward from prior years. There is a fiscal 2017 deficiency of $3.1 million for the EEA program, included in the total above, and in fiscal 2018 there is a planned transfer of $0.2 million from the NBSFAF for 2+2 Transfer Scholarships.

Somerset Economic Impact Scholarship

In fiscal 2018, there is $87,659 for the new Somerset Economic Impact Scholarship. This State funding, in conjunction with existing State funding through the Somerset Grant, will cover all tuition and fees for Somerset County residents who enroll in at least 12 credit hours at Wor-Wic Community College immediately after high school graduation. This scholarship is also available to home schooled students and students earning high school equivalent degrees.

Capital Funding

Capital funding for public four-year institutions totals $323.9 million for fiscal 2018 including $32.0 million in academic revenue bonds authorized by ***House Bill 717*** ***(Ch. 143)***. Community colleges receive $59.6 million for the Community College Facilities Grant Program, and independent institutions receive $14.7 million in capital funding for fiscal 2018. For more information on authorized capital projects, see the subpart "Capital Budget" within Part A – Budget and State Aid of this *90 Day Report*.

Student Financial Assistance

Scholarships

House Bill 12 ***(passed)*** authorizes Senatorial and Delegate scholarships to be used at out-of-state institutions of higher education if the applicant is an individual who is on active duty with the U.S. military and domiciled in the State. It also authorizes Senatorial scholarships to be awarded to an individual who is on active duty with the U.S. military and domiciled in the legislative district of the State from which the applicant seeks an award.

In addition, ***House Bill 12*** requires funding for Senatorial scholarships, beginning in fiscal 2020, to grow in the same manner as funding for Delegate scholarships. Funding must reflect growth in the tuition and mandatory fees of the undergraduate program at the public four-year institution (excluding University of Maryland University College and University of Maryland, Baltimore Campus) with the highest annual expenses for a full-time resident undergraduate. The bill also clarifies the required funding increase for Delegate scholarships each year. There is an identical provision in the Budget Reconciliation and Financing Act of 2017, ***House Bill 152*** ***(Ch. 23)***, which is discussed in further detail in Part A – Budget and State Aid of this *90 Day Report*.

In 2016, approximately 1,800 individuals in Maryland served in AmeriCorps, which is a national service program. ***House Bill 224*** ***(passed)*** waives the 12-month residency requirement to receive in-state tuition at a public four-year institution of higher education for an individual who has completed all service hours for an AmeriCorps program in the State. A student is responsible for the difference between in-state and out-of-state tuition if the student does not retain residence in the State for the remainder of the school year for which in-State tuition was received.

In addition to associate degree programs, community colleges offer courses related to apprenticeship programs in such things as plumbing, heating, air-conditioning, and electrical, as well as certificates in areas such as building maintenance, forklift operation, casino table games, and child care. Federal financial aid, like Pell grants, is generally *not* available to students who take noncredit courses except in limited circumstances. Most State scholarships are limited to programs that lead to a degree, although a few (including the Senatorial and Delegate scholarships) may be used to earn a certificate from a private career school. Without access to financial aid, even relatively inexpensive certificate programs can remain out of reach to low-income individuals. ***Senate Bill 317*** ***(Ch. 149)*** establishes Workforce Development Sequence Scholarships for eligible students who are enrolled in a program at a community college composed of courses that are related to job preparation or an apprenticeship, licensure or certification, or job skills enhancement. The Governor must annually include an appropriation of $1.0 million in the State budget to MHEC for the scholarships.

To be eligible for a scholarship, a student must be a Maryland resident or have graduated from a Maryland high school and be enrolled at a community college in the State in an approved workforce development sequence. An eligible individual may apply to the Office of Student Financial Assistance for a scholarship. An award may be used for tuition, mandatory fees, and other associated costs of attendance. The annual amount of a scholarship awarded to an eligible student may not exceed $2,000. For a further discussion of the More Jobs for Marylanders Act, see Part B – Taxes and Part H – Labor and Industry in this *90 Day Report*.

Tuition Waivers and Fees

Senate Bill 701/***House Bill 462*** ***(both passed)*** expand eligibility for the tuition waiver for foster care recipients to allow an individual to be eligible if he or she resided in an out-of-home placement at the time the individual graduated from high school or successfully completed a GED (a high school equivalency diploma). The bills also clarify that "tuition" for which the waiver may be used includes all fees for credit-bearing and noncredit courses required as a condition of enrollment.

In general, any student who attends a community college in Maryland and is not a resident of Maryland must pay, in addition to the student tuition and fees payable by a county resident, an out-of-state fee that must be at least equal to an amount as derived from a formula specified in statute. ***Senate Bill 117*** ***(passed)*** authorizes the boards of trustees of community colleges located in jurisdictions that border another state to set an out-of-state fee that must be more than the out-of-county fee and may be less than the out-of-state fee required by statute. Such students must be excluded from the calculation of State aid to community colleges (known as the Senator John A. Cade Funding Formula). Since 13 of the 16 community colleges in the State have service areas that border another state or the District of Columbia, under the bill, all community colleges other than BCCC, Anne Arundel Community College, and Howard Community College may set a lower out-of-state fee.

Financial Aid Awards and Loans

When a student receives financial aid from another entity after the initial financial aid package is offered, an institution may reduce the amount of institutional aid (or other types of financial aid in some circumstances) a student receives. This practice is known as scholarship displacement. In some cases, depending on the type of aid being offered, the displacement is required by U.S. Department of Education regulations.

Senate Bill 327**/*****House Bill 266*** ***(both passed)*** authorize a public four-year institution of higher education to reduce institutional gift aid offers as a result of private scholarship awards under specified circumstances. First, when a student's total gift aid from all sources exceeds the student's financial need, a student's institutional gift aid may be reduced until the student's total gift aid no longer exceeds the student's financial need. Second, a student's institutional gift aid may be further reduced with approval from the organization that awarded the private scholarship funds that triggered the initial reduction. Finally, a student athlete's institutional gift aid may be reduced in order to comply with the National Collegiate Athletic Association's individual or team financial aid restrictions. Nothing in the bills may be construed to violate federal law or regulations relating to the award of any need-based financial aid or any federal aid.

Senate Bill 429**/*****House Bill 509*** ***(both passed)*** require each institution of higher education that receives funding from the State to provide specified student loan information to each undergraduate enrolled in the institution who applies for federal student aid in the applicable award year. Specifically, among other information the notice must include the monthly payment amount for a 10-year period for every $1,000 owed by the borrower. Each institution must provide the information annually with the student's financial aid award notice.

Chapter 704 of 1986 authorized Prince George's County to establish the Supplemental Higher Education Loan Authority, subject to specified conditions, which the county subsequently did; however, little to no evidence of the County Authority exists on the Internet. In addition to other powers, the County Authority may make education loans and refinance education loans. ***HB 1576 (passed)*** requires Prince George's County, by December 1, 2018, to (1) review and study the Prince George's County Supplemental Higher Educational Loan Authority (County Authority); (2) perform a feasibility and demand study for a student loan refinancing program in the county; (3) assess the potential benefit to recruitment and retention of county and school system employees of a student loan refinancing program in the county; (4) study the operation of student loan refinancing programs in other systems, including operating costs; and (5) hold public hearings on a student loan refinancing program in the county and provide an opportunity for public comment.

Access to Higher Education

If the Justice Reinvestment Oversight Board makes a funding recommendation to use savings identified from the Performance Incentive Grant Fund, then ***House Bill 459*** ***(passed)*** specifies that the funds shall be used for a postsecondary education and workforce training program to provide inmates with the requisite training, certifications, and experience to obtain careers in in-demand job sectors. For a further discussion of this issue see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Senate Bill 543**/*****House Bill 694*** ***(passed)*** prohibit an institution of higher education that receives State funds from using an undergraduate admissions application that contains questions about the criminal history of the applicant beginning December 1, 2017. However, an institution may use a third-party admissions application that contains questions about the criminal history of the applicant if the institution posts a notice on its website stating that a criminal history does not disqualify an applicant from admission.

Under the bills, a student's criminal history may be inquired into and considered only for the purposes of deciding admission and access to campus residency or offering counseling and services. An institution of higher education must develop a process that considers specified issues in denying admission or limiting access to an affected student's campus residency or a specific academic program. The process must consider the following: (1) the age of the student at the time of any aspect of the student's criminal history; (2) the time that has elapsed since any aspect of the student's criminal history occurred; (3) the nature of the criminal history; and (4) any evidence of rehabilitation or good conduct produced by the student.

Senate Bill 872/***House Bill 971*** ***(both passed)*** establish the James W. Hubbard Inclusive Higher Education Grant Program. The program awards competitive grants to institutions of higher education to develop and implement programs that provide inclusive higher education opportunities for students with intellectual and developmental disabilities, subject to specified conditions. The program is administered by MHEC in consultation with other departments. The fiscal 2018 budget includes $250,000 for the Developmental Disabilities Administration for purposes similar to the bill, although the funding is not contingent upon the bill.

Heron and Opioid Education

According to the Department of Health and Mental Hygiene report, heroin-related deaths in Maryland tripled from 2011 to 2015. ***Senate Bill 1060/House Bill 1082 (both passed)*** require each institution of higher education in Maryland that receives State funding to establish a policy that addresses heroin and opioid addiction and prevention.

The policy must include in-person awareness training for incoming full-time students, unless impracticable; the provision of resources to incoming part-time students; obtaining and storing naloxone or other overdose-reversing medications; and training for campus police or other designated personnel. The University of Maryland University College, the University of Maryland Center for Environmental Science, and an off-campus location of an institution of higher education are exempt from the requirements for an in-person awareness training and obtaining and storing naloxone or other overdose-reversing medications. The bills also require institutions of higher education that award specified degrees in the fields of medicine, nursing, dentistry, physician assistance, or podiatry to offer instruction in substance use disorders, effective treatment for substance use disorders, and pain management.

For a further discussion of this issue in regard to primary and secondary education, see the subpart "Statewide Education Policy" under this part of this *90 Day Report*. For an overview of the entire bill see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report.*

Four-year Institutions

Maryland E-Nnovation Initiative Program

Chapters 532 and 533 of 2014 established the Maryland E-Nnovation Initiative Program, the Maryland E-Nnovation Initiative Fund (MEIF), and Maryland E-Nnovation Initiative Fund Authority (MEIFA) in what is now the Department of Commerce. MEIF receives distributions from revenues attributable to a portion of the State admissions and amusement tax and additional required appropriations totaling $8.5 million annually from fiscal 2016 through 2021. Nonprofit institutions of higher education in the State may create research endowments and, upon securing matching private donations, MEIF funds may be distributed to the endowments.

Endowment proceeds must be expended to further basic and applied research in scientific and technical fields of study, as determined by MEIFA, that offer promising and significant economic impacts and the opportunity to develop clusters of technological innovation in the State, including but not limited to engineering, health sciences, and cybersecurity. ***House Bill 94 (passed)*** authorizes a nonprofit institution of higher education to use specified available funds in lieu of qualified donations to satisfy a matching requirement under the Maryland E-Nnovation Initiative Program, subject to specified conditions.

University System of Maryland

A quasi-endowment is a fund or an investment established by the governing board of an organization with the expectation that the monies be invested and managed to last in perpetuity; in general, the governing board may decide at any time to expend the principal. ***Senate Bill 202/House Bill 437 (both passed)*** authorize the Board of Regents of USM to make a one-time transfer of no more than $50.0 million from the State-supported fund balance to the quasi-endowment fund. The board may use the investment proceeds for facility renewal projects relating only to capital facilities used for State-supported activities.

In recognition of the challenges faced by individuals in recovery while attending college, some institutions of higher education across the nation have established collegiate recovery programs to provide support. The most successful programs have (1) a dedicated staff person; (2) a physical space on campus; and (3) an abstinence-based recovery program. ***House Bill 950 (passed)*** requires the president of each USM institution to develop and implement a collegiate recovery program to provide support and services for enrolled students recovering from alcohol or drug addiction. The program must be tailored to each institution and satisfy the standards and guidelines established by the Board of Regents of USM.

Morgan State University

Senate Bill 1085 (passed) designates MSU as the State's preeminent public urban research university. MSU is currently designated as Maryland's public urban university with a mission of instruction, research, and science.

St. Mary's College of Maryland

As established by Chapter 209 of 1992, SMCM receives funding through a block grant formula. In order to establish a predictable level of funding, the Governor must include in the annual budget submission a general fund grant to SMCM. The proposed grant must be equal to the grant of the prior year plus inflation as indicated by the implicit price deflator for State and local government. ***House Bill 556 (passed)*** requires increased funding for SMCM beginning in fiscal 2019. If SMCM's six-year graduation rate is 82% or greater in the second preceding fiscal year, the general fund grant must increase by 0.25%. In addition to the general fund grant, SMCM must also receive add-on funding for (1) the increase in State-supported health insurance and (2) 50% of the cost-of-living adjustment (COLA) wage increase for State-supported employees, if State employees receive a COLA. The bill also states the General Assembly's intent that if the State provides funds to limit tuition increases at other public four-year institutions, SMCM should be included. Add-on funding must not be included in the calculation of the general fund grant amount and must be provided in the same amount each year.

Senate Bill 435/House Bill 561 (both passed) clarify that the authority of the Board of Trustees of SMCM may not be superseded by any State agency or office in specified management affairs except by a provision of law that specifically references SMCM by name.

Baltimore City Community College

Senate Bill 1127/House Bill 1595 ***(both passed)*** alter the membership of the Board of Trustees of BCCC beginning no later than July 1, 2017. Under the emergency legislation, the Board of Trustees of BCCC consists of nine voting members, specified as follows:

- six members appointed by the Governor with the advice and consent of the Senate, including the student member;
- one member, jointly appointed by the President of the Senate and the Speaker of the House of Delegates, who serves as chair of the board;
- the Chief Executive Officer of the Baltimore City Public Schools, or designee, who serves as an *ex officio* member; and
- the Executive Director of the Mayor's Office of Employment Development, who serves as an *ex officio* member.

To the extent practicable, the members of the board must consist of at least:

- one individual with a background in higher education;
- one individual with a background in procurement and finance;
- one individual with a background in workforce development; and
- one high-level executive from a large employer located in Baltimore City.

Board members must also meet existing statutory requirements. The term limits are staggered so that the new members appointed no later than July 1, 2017, do not all expire at the same time. The staggered term limits in the bills range from four to six years and will be six-year terms going forward. Each member serves without compensation but is entitled to reimbursement for expenses.

In addition to its existing statutory duties and responsibilities, the board of trustees must complete, by December 1, 2018, the following specified tasks related to the realignment of BCCC:

- review and strategically align core course offerings of BCCC, consistent with accreditation requirements, and focused on the needs of students at BCCC and the workforce in Baltimore City;
- make workforce development and job placement top educational priorities of BCCC;
- improve student pathways to success, including remedial education, attainment of a degree or a postsecondary certificate, and transfer to four-year institutions of higher education;

- enter into memoranda of understanding in order to establish student pathways to success with the Baltimore City Public School System, institutions of higher education, and employers;
- align the budget of BCCC with realistic enrollment projections;
- engage in a comprehensive review of all positions, faculty, and staff at BCCC;
- establish strong relationships with key stakeholders;
- develop and market a brand for BCCC;
- address the information technology and infrastructure needs of BCCC, including whether oversight by the Department of Information Technology is advisable;
- develop or sell all unused or underutilized real estate, including the Inner Harbor site; and
- identify any barriers in State or local laws or regulations that impede the ability of BCCC to operate efficiently and effectively, including procurement and capital construction projects.

The bills also outline certain criteria a president of BCCC must meet at a minimum in addition to what is currently in statute and prohibit the appointment of a new president until the new members of the board have been appointed.

Community Colleges

Senate Bill 521 ***(passed)*** alters the amount of unrestricted State aid granted to small community colleges beginning in fiscal 2019. Funding for each of the seven small community colleges will now be the same. Grant amounts for each subsequent fiscal year are increased by the same percentage increase in funding per full-time equivalent student at selected public four-year higher education institutions in the State. The seven small community colleges are Allegany, Carroll, Cecil, Chesapeake, Garrett, Hagerstown, and Wor-Wic. ***Senate Bill 521*** increases Carroll, Cecil, Chesapeake, and Wor-Wic community colleges' grants by approximately $430,000 in fiscal 2019 to bring the appropriation in line with what Allegany, Garrett, and Hagerstown community colleges were projected to receive ($851,300). Under the bill, no community colleges lose any funding.

Education – Local Bills

Local Education Policy

Baltimore City Public Schools

Chapter 647 of 2013 authorized the Maryland Stadium Authority to sell up to $1.1 billion in bonds to finance the construction or renovation of 23 to 28 schools in Baltimore City by 2020. Financing for the resulting 21st Century Schools initiative is shared among the State, Baltimore City, and the Baltimore City Public Schools (BCPS). With the goal of providing a facility condition index score for each BCPS facility, ***House Bill 76*** ***(passed)*** requires the Baltimore City Board of School Commissioners to develop and implement a scoring system for evaluating projects that serve the long-range plans of BCPS by January 1, 2018. On or before January 1, 2020, the board is required to (1) apply the scoring system to projects for 75% of the public school facilities that are operated by BCPS and utilized by students; (2) publish the project scores on its website; and (3) report the project scores to the members of the Baltimore City Delegation to the General Assembly. On or before January 1, 2021, the board is required to (1) apply the scoring system to projects for the remaining 25% of public school facilities; (2) publish the project scores on its website; and (3) report the project scores to the members of the Baltimore City Delegation. On or before January 1, 2021, and every four years thereafter, the board is required to (1) update the evaluation of projects for each public school facility using the scoring system; (2) publish the updated project scores on its website; and (3) report the updated project scores to the members of the Baltimore City Delegation.

Beginning July 1, 2017, and every two years thereafter, ***House Bill 52*** ***(passed)*** requires the Baltimore City School Police Force to submit a report to the Baltimore City Delegation to the General Assembly on (1) the condition of vehicles and firearms of the Baltimore City School Police Force and (2) the anticipated needs of the Baltimore City School Police Force for vehicles and firearms for the following two years.

In order to identify cost efficiencies in shared costs and other financial arrangements, ***House Bill 685*** ***(passed)*** states the intent of the General Assembly that the Baltimore City Council provide logistical and financial assistance to BCPS for shared services, such as health, public safety, and fleet management services. On or before December 31, 2017, the Baltimore City Council must report to the General Assembly on the logistical and financial assistance that the council provides to BCPS.

The Structure of Local Boards of Education

Anne Arundel County Board of Education

The Anne Arundel County Board of Education consists of eight members appointed by the Governor and one student member. ***House Bill 716*** ***(passed)*** restructures the board to an eight-member board consisting of seven nonpartisan elected members, one from each of the seven councilmanic districts in the county, elected by the voters of that district at a general election, and one student member. Except for a member elected at the general election in 2018, the term of office for each member is four years beginning on the first Monday in December after the member's election, and until a successor is elected and qualifies. The term of office of each member elected at the general election in 2018 is six years. An elected member of the board may not be elected to serve on the board for more than two consecutive terms.

The bill also renames the School Board Nominating Commission to the School Board Appointment Commission of Anne Arundel County and alters the membership, purpose, and duties of the commission. In any election, if no candidate files a certificate of candidacy for the office, or if no individual otherwise qualifies to have the individual's name placed on the ballot, the commission must appoint a qualified individual to fill the vacancy no later than 30 days after the general election. The commission must also select and appoint qualified individuals to fill any vacancies on the board. However, effective November 1, 2020, the bill repeals the commission and requires the Anne Arundel County Council to appoint a qualified individual to fill the vacancy no later than 30 days after the general election. The county council must also select a qualified individual to fill any vacancies on the board.

The affirmative vote of at least five members of the board is required for the approval of any action. In addition, the bill increases the salaries of the president, vice president, and other members of the board. The amount of the scholarship awarded to a student member who completes a full term is increased from $6,000 to $8,000. The State Board of Education (SBE) may remove a member of the board for immorality, misconduct in office, incompetency, willful neglect of duty, or failure to attend 75% of the scheduled board meetings in any one calendar year without good cause. The board member must be informed of the charges against the member, be given an opportunity to request a public hearing before SBE, and, if removed, be given the right to a *de novo* review of the removal by the Circuit Court for Anne Arundel County.

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 of Baltimore City, and one student member. In order to grant sole authority to the Mayor of Baltimore City to appoint the members of the Baltimore City Board of School Commissioners, ***Senate Bill 1012***/***House Bill 562*** ***(both passed)*** repeal the role of the Governor in making appointments to the board. The bills also repeal the Governor's role in filling board vacancies and removing board members for certain causes. In addition, the bill establishes the Baltimore City Public School Board Community Panel and specifies its membership. The purpose of the panel is to select nominees to be recommended to the mayor as qualified candidates for appointment to the board, including candidates to fill vacancies. If the mayor elects to not appoint a member or to not fill a vacancy from a list submitted by the panel, the mayor must reconvene the panel to submit additional names of qualified candidates.

Baltimore County Board of Education

Chapters 480 and 481 of 2014 restructured the Baltimore County Board of Education from a 12-member appointed board, including 1 student member, to a 12-member board consisting of 4 at-large members appointed by the Governor, 7 nonpartisan members, each elected from one of seven council districts, and a student member. Restructuring of the board began December 7, 2015, and will be completed by December 3, 2018. ***House Bill 88*** ***(passed)*** prohibits the Governor from appointing, as a member of the board, an individual who is a candidate for election to the board during an election year. The bill also prohibits a candidate for election to the board from seeking an appointment to the board by the Governor, through nomination by the Baltimore County School Board Nominating Commission, during an election year. Prior to recommending to the Governor nominees for appointment to the board, the commission must hold at least three public hearings, each in a different councilmanic district. The bill also requires the County Executive for Baltimore County to designate 1 of the commission's members as chair of the commission. Lastly, the bill specifies that the terms of the 4 members appointed at large who are in office on the effective date of the bill, or the terms of their successors, expire at the end of December 2, 2018. The Governor is required to appoint 4 members from a list of nominees submitted by the commission to succeed the departing members, each to serve a four-year term beginning on December 3, 2018, until a successor is appointed and qualifies.

Howard County Board of Education

The Howard County Board of Education consists of seven at-large elected members and one student member. ***House Bill 1299*** ***(passed)*** restructures the board to an eight-member board consisting of five members elected from each of the five councilmanic districts in the county and two at-large members, and one student member. The term of office of each member elected from a councilmanic district, beginning at the 2020 election, is four years. The term of office of each member elected at large, beginning at the 2022 election, is four years. The successors to the offices elected at the 2020 and 2022 elections must serve for a term of four years. When making an appointment to the board to fill a vacancy for an elected member, the county executive must endeavor to ensure that the board reflects the race, gender, and ethnic diversity of the population of Howard County.

Student Transportation in Prince George's County

In order to study how to enhance school bus transportation efficiency in Prince George's County, ***House Bill 1568*** ***(passed)*** establishes a Workgroup on Transportation for Middle and High School Students in Prince George's County. The workgroup must (1) identify where county public school buildings and bus routes intersect with bus routes of the county Department of Public Works and Transportation (DPWT) and the Washington Metropolitan Area Transit Authority (WMATA); (2) identify the software systems currently in use by or available to the Prince George's County Public Schools (PGCPS), DPWT, and WMATA to operate and monitor their bus systems; (3) estimate, if public school students were to be transported by DPWT and WMATA, the cost savings to PGCPS and the cost increase to DPWT and WMATA; (4) determine the feasibility and cost of implementing a system utilizing Global Positioning System technology and text messages to inform parents of when a bus is expected to arrive and provide notification if a bus will be delayed; and (5) identify a range of options for transporting middle and high school students and the cost of each option. On or before August 31, 2017, the workgroup must report its findings and recommendations to the Prince George's County House Delegation and the Prince George's County Senators. The provisions of the legislation terminate on June 30, 2018.

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