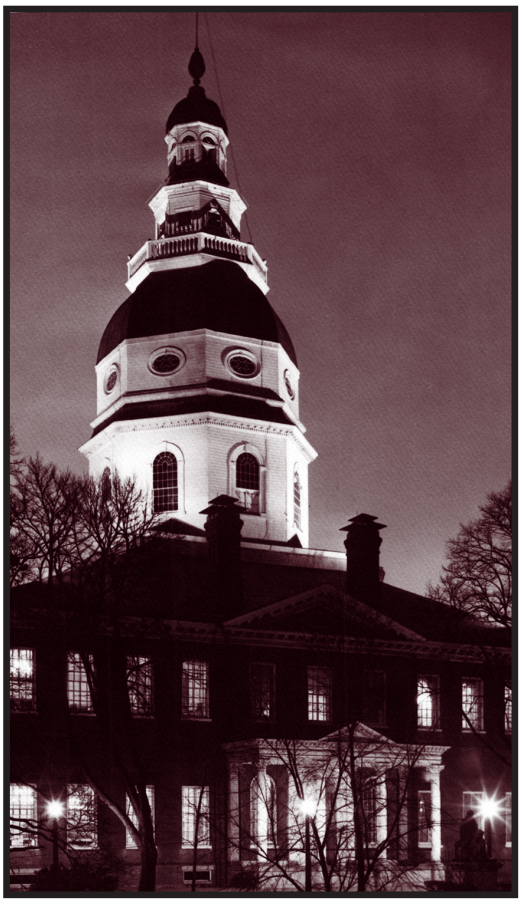
THE 90 DAY REPORT

A Review of the 2015 Legislative Session



Department *of* Legislative Services

MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

Warren G. Deschenaux
Director

April 17, 2015

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 2015 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 2015 Legislative Program on the Financial Condition of the State* will be issued after the Governor has taken final action on all bills.

Sincerely,

Karl S. Aro
Executive Director

KSA/mpd

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Part A
Budget and State Aid

Operating Budget

Overview

Newly elected Governor Lawrence J. Hogan, Jr. submitted a budget that proposed to fully address the estimated $650 million general fund structural deficit. His fiscal plan incorporated a variety of across-the-board and contingent reductions, some of which relied upon budget reconciliation legislation to modify mandated spending. Some of the features of this budget balancing proposal included level funding the largest education aid formula, significant reductions in Medicaid provider reimbursements, halving the Geographic Cost of Education Index (GCEI), and reducing State employee salaries, in addition to including no increments or general salary increase in fiscal 2016.

Concerned over the pace and impact of these proposals, the legislature acted to define and protect priority areas for restoration; primarily related to K-12 education, health care, and employee compensation. Legislative action restored certain contingent reductions and restricted budgetary savings totaling $201.7 million that would enable the Governor to restore funding for the legislature's priorities. Spending in fiscal 2016 is tightly constrained, apart from growth in debt service, State employee health insurance, and nominal growth in K-12 education aid. Agencies will be absorbing 2% general fund reductions of $113.0 million and $118.0 million, respectively, in fiscal 2015 and 2016, the abolition of at least 500 positions and $30.0 million in general funds related to a Voluntary Separation Program (VSP), and another $69.0 million in across-the-board general fund reductions in fiscal 2016. Since none of these reductions has yet to be identified, the impact on State services has yet to be determined.

The fiscal 2016 budget grows by 1.5%, to $40.5 billion and final action on the budget leaves an estimated general fund cash balance of $27.7 million at the end of fiscal 2016, in addition to $814.1 million in the Rainy Day Fund. The legislature also met all of the recommendations of the Spending Affordability Committee (SAC).

Budget in Brief

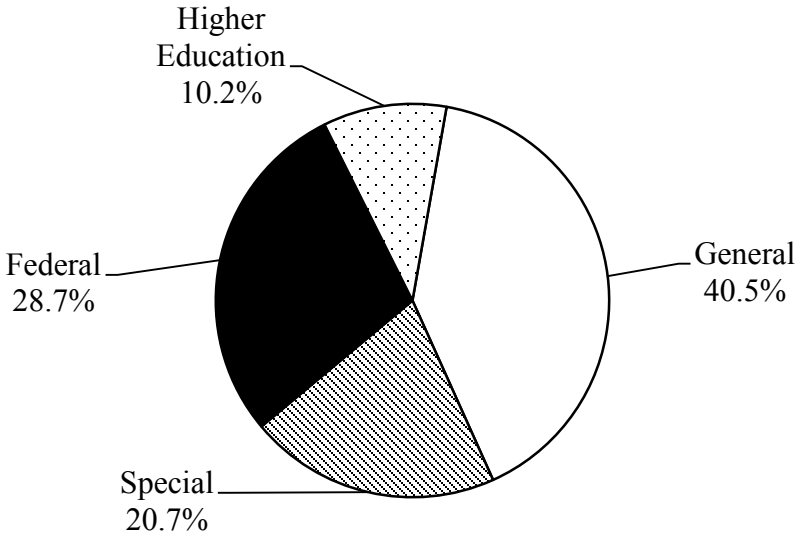
The Fiscal Year 2016 Budget Bill, ***House Bill 70 (enacted)***, provides $40.5 billion in appropriations for fiscal 2015 – an increase of $590.2 million (1.5%) above fiscal 2015. **Exhibit A-1.1** illustrates funding by type of revenue. General fund spending accounts for 40.5% of the total budget. Federal funds support 28.7% of all spending. Special funds constitute 20.7% of the budget, and higher education revenue provides the remaining 10.2%. State agency operations constitute the largest area of spending, representing 40.8% of the total budget. Entitlements account for 28.4% of the budget, and 19.9% is provided as aid to local governments. Remaining appropriations fund pay-as-you-go (PAYGO) capital spending, debt service on State general obligation (GO) bonds, and transfers to the State Reserve Fund.

General fund appropriations increase by $439.9 million, or 2.8%, over the fiscal 2015 working appropriation. Debt service on GO bonds requires an increase of $112.4 million. Education and library aid to local jurisdictions grows by $111.0 million, largely through the Foundation Program and Compensatory Education, which provides additional funding based on the number of low-income students. The general fund cost of health insurance expenses for active and retired State employees rises by $107.1 million. Additional general funds are provided to address Medicaid enrollment and utilization, offset by reductions in provider rate reimbursements; maintain a balance of at least 5.0% in the Rainy Day Fund ($45.2 million); support higher education; and fund projects and programs through PAYGO capital appropriations. Formula aid to community colleges increases by $3.2 million in fiscal 2016 to $222.7 million. Aid to nonpublic colleges and universities grows by $1.4 million to $42.8 million. The legislature restricted $201.7 million for the purpose of restoring certain legislative priorities. This includes funds to maintain current State employee salary levels, full restoration of the GCEI, provider reimbursements, selected health initiatives, a one-time grant to Prince George's County Hospital, and smaller miscellaneous programmatic funding.

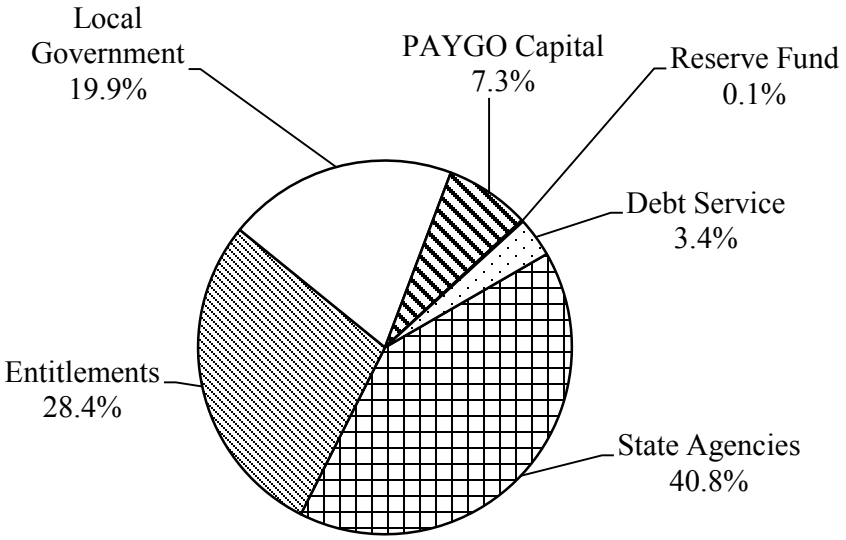
Special funds grow by $284.8 million, or 3.5%, compared to the fiscal 2015 working appropriation. Most of the increase is tied to the transportation PAYGO capital program funded by revenues associated with Chapter 429 of 2013, which substantially increased revenue to the Transportation Trust Fund (TTF). The Maryland Department of Transportation also received an additional $34.8 million to pay the State's share of the operating costs to the Washington Metropolitan Area Transit Authority and debt service on Consolidated Transportation Bonds. Increases are also provided to the Maryland Health Benefit Exchange, as it transitions from federal sources and the Maryland Stadium Authority ($20.0 million) for costs related to the Baltimore City School Revitalization Program. Special fund growth is offset by large decreases for the Maryland Health Insurance Program, which has discontinued plan coverage with the advent of the federal Affordable Care Act, and a reduction of special funds in the Annuity Bond Fund based on the level of bond premiums received in fiscal 2015.

Exhibit A-1.1

Maryland's $40.5 Billion Fiscal 2016 Budget
Where It Comes From: Budget by Fund Source



Where It Goes: Budget by Purpose



PAYGO: pay-as-you-go

Federal fund spending decreases by $223.2 million, or 1.9%. The largest change is in the Medicaid program, due to large reductions in provider rate reimbursements implemented by the Administration. This reduction is tempered by growth in Medicaid enrollment and utilization. Funding for the Supplemental Nutritional Assistance Program, which is 100.0% federally funded, declines by $101.0 million based on decreasing caseload and a reduction in the average monthly grant. The Maryland Health Benefit Exchange also experiences a decrease of $86.0 million as information technology development costs are finalized, and the program moves to operations and maintenance. Moreover, initial start-up expenses for call centers and grants to connector entities decline as service levels mature. System preservation expenses for highway resurfacing and rehabilitation also fall by about $70.0 million based on project cash flow and the timing of federal aid used in fiscal 2015. These decreases are offset by growth in federal spending for Purple Line transit capital expenses in the Maryland Transit Administration, although the new Administration has not decided if it is going to move forward with this major initiative. Other growth in federal funds are for the Developmental Disabilities Administration (DDA) to fund provider rate increases and program expansion and for student food service costs in the Maryland State Department of Education (MSDE) due to growth in the number of students qualifying for free and reduced-price meals. If the Governor restores funding for provider reimbursements it is estimated that approximately $68.5 million in federal funds would need to be added to the budget by amendment.

State support for higher education in the fiscal 2016 budget totals $5.5 billion, an increase of $139.4 million or 2.6%, over fiscal 2016. Of this amount, $13.4 million (1.0%) is from general funds.

With respect to personnel, the size of the regular State workforce decreases by 0.4%, or 297 positions, to 80,807 regular positions in fiscal 2016. This reflects the expected abolition of 500 positions through a VSP, which the Administration expects will save $7.5 million of general funds in fiscal 2015 and $30.0 million of general funds when fully annualized in fiscal 2016. There is no funding for a general salary increase or merit increases in fiscal 2016. The salary plan in effect during the latter half of fiscal 2015 remains in effect, but may be offset by furloughs, which the Governor can implement without Board of Public Works (BPW) approval. For a more detailed discussion of personnel issues, see the subpart "Personnel" within Part A of this *90 Day Report*.

Framing the Session: 2014 Interim Activity

Following the 2014 session, general fund revenue attainments did not meet estimates. In large part, this was due to overestimation of personal income taxes. Strong prior year growth in capital gains was fueled by the expected expiration of federal tax cuts at the end of calendar 2012, leading to overinflated revenue forecasts in Maryland and other states. Recognizing the situation, Governor O'Malley acted to withdraw $75.9 million in general fund spending through BPW in July 2014. The Board of Revenue Estimates revised the fiscal 2015 estimate downward by $177.1 million in September 2014 and an additional $123.2 million by December 2014. In early January 2015, Governor O'Malley withdrew another $197.8 million in general fund spending through BPW. Against this backdrop, SAC was advised that the structural imbalance between general fund revenues and spending was expected to widen to $650.0 million in fiscal 2016. SAC

recommended addressing the problem over two years by reducing the deficit by 50%, effectively $325.0 million at the 2015 session.

BPW withdrawn Appropriations

July 2, 2014 Action: BPW's July 2014 action reduced fiscal 2015 general fund spending by $75.9 million.

State Agencies: State agencies were reduced by $55.4 million. Some of the larger general fund actions include:

- $19.4 million from State agency budgets due largely to a $17.6 million one-time payment from the Chesapeake Employers' Insurance Company to the State Employee and Retiree Health and Welfare Benefits Fund to cover future health care liabilities for active and retired Injured Workers' Insurance Fund employees;
- $9.5 million due to lower foster care caseloads in the Department of Human Resources;
- $8.3 million from the Department of Health and Mental Hygiene (DHMH), including $3.5 million from developmental disabilities programs;
- $5.0 million by holding positions vacant in various agencies;
- $3.9 million from the Department of Juvenile Services, including $1.8 million due to lower need for residential per diems; and
- $3.4 million from Medicaid for rates for managed care organizations (MCO).

Higher Education: Cuts of $10.3 million were allotted to State institutions as well as the grant to private colleges and universities. Larger actions included:

- $3.4 million in facility maintenance from the University System of Maryland (USM);
- $3.0 million from the Sellinger Program providing aid to private colleges and universities;
- $2.1 million related to the abolition of 42 positions across USM and Morgan State University (MSU); and
- $1.7 million in general operating expenses from USM, MSU, St. Mary's College of Maryland (SMCM), and Baltimore City Community College (BCCC).

Fund Swaps: There were $10.3 million in fund swaps, in which general funds are replaced with $6.0 million in special funds and $4.3 million in federal dollars. Larger swaps include:

- $4.3 million in DHMH's DDA due to local government payments for day services ($2.7 million in special funds) and additional federal matching funds ($1.6 million);
- $2.2 million in additional federal funds for Medicaid due to an Emergency Psychiatric Demonstration Waiver; and
- $2.0 million in special funds related to the enactment of Chapter 325 of 2014, which reauthorized fees to two oil related funds in the Maryland Department of the Environment (MDE).

January 7, 2015 Action: BPW adopted $197.8 million in general fund withdrawn appropriations, including:

State Agencies: State agencies were reduced by $120.4 million, including:

- $86.2 million for a 2% across-the-board reduction to agencies, exclusive of higher education;
- $20.7 million through reduced provider rates;
- $4.9 million of the Rainy Day Fund appropriation due to revised revenue estimates;
- $4.5 million from economic development programs; and
- $4.1 million from miscellaneous programs.

Local Aid: Local aid was reduced by $21.3 million across four programs. This included:

- $8.0 million to level fund the Disparity grant program;
- $6.8 million from Cade formula aid to community colleges;
- $5.9 million to level fund local health grants; and
- $0.6 million to level fund police aid.

Higher Education: Cuts of $44.2 million were allotted to State institutions, including:

- $26.6 million for the higher education share of the 2% across-the-board cut, applied to the USM, MSU, SMCM, and BCCC;
- $10.0 million to the USM, MSU, SMCM, and BCCC; and
- $7.6 million in targeted reductions to USM for facilities renewal, student and academic services, and administrative support.

Fund Swaps: There were $12.0 million in fund swaps, in which general funds are to be replaced with a like amount of special funds or surplus general fund encumbrances. Most of this assumed special funds from the Cigarette Restitution Fund and the Community Health Resources Commission in lieu of general fund appropriations in Medicaid and Behavioral Health.

Spending Affordability Committee Recommendations

SAC prepared its final report to the Governor in December 2014, which recommended continuing efforts to reduce the ongoing structural imbalance in the general fund.

Spending Limit and Sustainability: Based on forecasts, which estimated the fiscal 2016 structural deficit at $650 million, SAC recommended that the budget, submitted by the Governor and approved by the General Assembly for fiscal 2016, reduce the general fund structural deficit by 50%. For the 2015 session, this meant reducing the deficit by $325 million.

Personnel: The committee recommended that the current complement of 81,081 regular positions was appropriate for the delivery of State services given the fiscal condition of the State. It was recommended that any additional positions necessary for new activities or facilities be accommodated within the current overall level.

State Reserve Fund: SAC recommended that the balance of the Rainy Day Fund should be maintained at or above 5% of estimated revenues.

Governor's Spending Plan as Introduced

For fiscal 2015, the Governor proposed $237.3 million in deficiency appropriations. Additional funding was provided for Medicaid, student tests, teacher stipends, and nonpublic placements in MSDE, special fund underattainment from video lottery terminals (VLT) and programs funded by the transfer tax, and a variety of miscellaneous increases across State government. Offsetting reductions of $34.2 million were also included to mostly reduce MCO rates along with smaller reductions in several agencies. Maintaining a general fund balance in fiscal 2015 also relied upon proposed contingent and across-the-board reductions, reversions, and fund transfers.

Contingent Reductions: Reductions of $45.0 million from Medicaid and $4.1 million from Aid to Education were part of the Governor's proposal, contingent on budget reconciliation legislation allowing the use of balances from the Maryland Health Insurance Plan and partially reducing VLT local impact aid grants.

Across-the-board Reductions: The allowance reflected a $7.5 million general fund across-the-board reduction based on the expectation that 500 positions would be abolished on April 1, 2015, as part of a VSP.

Reversions: General fund reversions of $35.1 million were assumed, consisting of $30.0 million in unspecified reversions and $5.1 million in targeted reversions.

Fund Transfers: Fiscal 2015 was balanced in part by $161.5 million in proposed transfers to the general fund. The largest included a transfer of $100.0 million from the Local Income Tax Reserve Account, which would be repaid on the first day of fiscal 2016. Additional transfers were proposed from a number of sources, including Program Open Space (POS) unencumbered balances, the Strategic Energy Investment Fund (SEIF), BCCC, the State Unemployment Trust Fund, the Jane E. Lawton Conservation Loan Fund, and the Mortgage Lender Originator Fund.

The fiscal plan submitted by the Administration provided for $40.4 billion in total spending for fiscal 2016. Through a combination of contingent and across-the-board reductions, the Governor proposed to resolve the entire estimated $650.0 million structural general fund shortfall (with an estimated $31.6 million structural surplus). The Governor's proposed spending plan estimated a closing fiscal 2016 general fund balance of $47.3 million, which also relied upon revenue and reversion assumptions, and limited transfers such as a $34.0 million transfer from the Rainy Day Fund to the general fund. **Exhibit A-1.2** details the Governor's original general fund spending plan for fiscal 2015 and 2016.

Contingent Reductions: The Governor proposed $208.6 million in fiscal 2016 general fund reductions, contingent on the enactment of ***House Bill 72 (passed)***, the Budget Reconciliation and Financing Act (BRFA) of 2015. There were several large actions proposed, including:

- $64.6 million to level fund the per pupil K-12 education aid under the Foundation Program;
- $50.0 million from a payment to POS to repay funds transferred to the general fund in fiscal 2006;
- $14.5 million from Medicaid to delay reducing the Medicaid Deficit Assessment from hospital savings;
- $13.0 million from community college formula aid; and
- $12.1 million by delaying the phase-in of Net Taxable Income in the calculation of education aid formulas.

Exhibit A-1.2
Governor's Original Budget Plan
Fiscal 2015-2016
($ in Millions)

	2015	2016
Opening Balance	**$147.6**	**$36.7**
Board of Revenue Estimates Revenues	$15,691.9	$16,245.2
Additional Revenues	34.1	51.5
Transfers	143.9	75.7
Subtotal	***$15,869.9***	***$16,372.4***
Appropriations/Board of Public Works/ATBs/Deficiencies	$16,065.0	$16,611.6
Contingent Reductions	-49.1	-208.6
Targeted Reversions	-5.1	-11.1
Reversions	-30.0	-30.0
Subtotal	***$15,980.8***	***$16,361.8***
Closing Balance	**$36.7**	**$47.3**

ATB: across-the-board cut

Source: Maryland Budget Highlights, Fiscal 2016

Across-the-board Reductions: Approximately $267.9 million in across-the-board reductions were assumed in the fiscal 2016 budget. This included an unspecified 2% reduction to agency budgets yielding $118.0 million in general fund savings; a cut of $102.5 million related to the abolition of employee merit pay increases (of which $81.2 million was general funds); and $93.6 million related to a reduction in employee salaries ($68.7 million general funds) by effectively rescinding the 2% general salary increase that had gone into effect on January 1, 2015. Moreover, there was no general salary increase proposed for fiscal 2016.

Revenue Assumptions: The Governor's spending plan assumed $34.1 million in additional revenues. This included $12.0 million resulting from additional positions for tax compliance in the Comptroller's budget, an $8.6 million diversion from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, $5.3 million due to additional positions provided to the Attorney General for the Medicaid Fraud and Securities divisions, a proposed limit to claiming the Earned Income Tax Credit for out-of-state residents, a reduction in funding for the Maryland

Health Benefit Exchange, a diversion of Sunny Day Fund claw back recoveries, lottery adjustments, and smaller miscellaneous assumptions.

Reversions: General fund reversions of $41.1 million were assumed, consisting of $30.0 million in unspecified reversions and $11.1 million in expected reversions from the Judicial and Legislative branches to recognize the same increment and salary plan reductions made to the Executive Branch.

Legislative Consideration of the Budget

Spending Changes

Following submission of the budget in January 2015, the Governor introduced three supplemental budgets, which proposed a total of $144.8 million in additional spending. **Exhibit A-1.3** summarizes the supplemental budgets by fund type. Supplemental Budget No. 1 was accepted by the legislature, but Supplemental Budgets Nos. 2 and 3 were both rejected.

Exhibit A-1.3
Summary of Supplemental Budget
2015 Session
($ in Millions)

	General Funds	Special Funds	Federal Funds	Total	Status
Supplemental Budget No. 1		$25.0		$25.0	Accepted
Supplemental Budget No. 2	$1.9	40.7	$2.1	44.8	Rejected
Supplemental Budget No. 3	75.0			75.0	Rejected
Total	**$76.9**	**$65.7**	**$2.1**	**$144.8**	

Supplemental Budget No. 1: The Governor provided $25.0 million in special funds from the TTF to the counties and municipalities for road construction and maintenance, in addition to their allocation of Highway User Revenues. Of this, $19.0 million was provided to municipal governments, $4.0 million to county governments, and $2.0 million to Baltimore City.

Supplemental Budget No. 2: The second supplemental budget appropriated $44.8 million in spending across fiscal 2015 and 2016, proposing to pay for most of the general fund spending by using unanticipated fiscal 2015 bond premiums. Spending was proposed for the Department of State Police ($14.4 million), gubernatorial initiatives related to the personal property tax and nonpublic schools ($12.8 million), the Department of Public Safety and Correctional Services ($11.0 million), PAYGO capital ($4.5 million), substance abuse ($2.0 million), and education grants ($0.1 million). Ultimately, the legislature chose to reject Supplemental Budget No. 2.

Supplemental Budget No. 3: In an effort to restore funding for supplemental pension contributions, Supplemental Budget No. 3 proposed allocating $75 million in general funds through the reallocation of unspecified legislative reductions to the budget. This action was contradictory to legislative efforts to move to full actuarial funding of the pension system along with $75 million in supplemental contributions until the system reaches an 85% funding level. For this reason, the legislature rejected Supplemental Budget No. 3. For a more detailed discussion of pension funding, see the subpart "Personnel" within Part A of this *90 Day Report*.

Legislative Priorities and Reductions

While reviewing the budget, the legislature established a number of priorities primarily related to K-12 education, State employee compensation, and health care provider reimbursements. In some instances, funding for proposed contingent reductions was restored. These items are discussed further below. Where funding could not be directly restored, the legislature acted to restrict $201.7 million in budgetary savings for legislative priorities. Section 48 of ***House Bill 70*** authorizes the Governor to transfer funds by budget amendment to restore spending, otherwise the appropriations revert to the general fund or the Dedicated Purpose Account. The specific restoration priorities covered by this section are listed in **Exhibit A-1.4**. For a complete listing of the budgetary savings and the legislative priorities authorized for funding in Section 48, see the subpart "By the Numbers" within Part A of this *90 Day Report*. The largest reduction would maintain the 2% general salary increase that was provided to State employees on January 1, 2015, which the Governor proposes to reduce on July 1, 2015. The legislature also sought to restore the 50% reduction in the discretionary GCEI. Various provider rate reimbursements were scaled back in the allowance, which prompted action to restore a portion of this funding. A one-time operating grant is also made to the Prince George's County Hospital. Certain health initiatives are also identified as priorities, including crisis resolution services, substance abuse treatment for heroin addicts, adult day care grants, and individual and family support services.

Exhibit A-1.4
Funds Restricted to Restore Legislative Priorities
Fiscal 2016
($ in Millions)

Item	General Fund
Employee salaries to offset a 2% reduction	$68.7
Geographic Cost of Education Index	68.1
Provider and nursing home rate reimbursements	33.6
Prince George's County Hospital grant	15.0
Various other health initiatives	14.1
School for the Blind	1.8
Other	0.4

Restoration of Contingent Reductions: As noted, the Governor proposed $208.6 million in contingent reductions as part of the fiscal 2016 allowance. During review of the budget, the legislature did not always agree with either the specific item to be reduced or the magnitude of the reduction. One of the larger contingent reductions totaled $64.6 million to level fund per pupil K-12 foundation education aid in fiscal 2016, as well as to limit future growth to 1% through fiscal 2020 in the BRFA of 2015. As this represented one of the legislature's priorities, funding for this item was restored, and the proposed cap on future funding in the BRFA of 2015 was removed. No other contingent reduction proposal was as large as the education formula mandate, but other restorations including funding for the State Arts Council, Disparity Grants, Academic Health Centers, the Maryland Health Benefit Exchange, Juvenile Service provider rates, the Deaf Culture Digital Library, Library for the Blind and Physically Handicapped, VLT local impact grants, and Payments in Lieu of Taxes under the Department of Natural Resources (DNR). Lesser reductions were adopted for community college aid, grants to nonpublic colleges and universities, and BCCC.

Reductions: The legislature reduced the fiscal 2015 budget by $73.9 million and the fiscal 2016 budget by $327.6 million. The combined reduction equals $401.4 million. The largest category of reductions was found in the Medicaid program, including $49.8 million to reduce funding for an information technology project that is behind schedule and $47.0 million in general fund reductions that will be replaced with special funds from the Maryland Health Insurance Plan. Another $74.6 million was reduced in conjunction with pension reform, which shifted the State from a corridor funding method to full actuarial funding. For a more detailed discussion of this issue, see the subpart "Pensions and Retirement" within Part C – State Government of this *90 Day Report*.

Other major actions include a reduction of $37.7 million related to the reduction of funding for POS and the Maryland Agricultural Land Preservation Program and a like transfer to the general fund. Operating expenses for the Judiciary were pared by $25.2 million, including $9.5 million for proposed salary reclassifications. Debt service was reduced by $21.6 million to recognize unanticipated bond premiums that were received in conjunction with the March 2015 sale of general obligation bonds. Changes to the Quality Teacher Incentive program that were adopted in budget reconciliation legislation yielded savings of $13.4 million in fiscal 2016. Aid to community colleges were reduced by $9.0 million, and $8.6 million was reduced from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to permit the diversion of revenue to the general fund.

Final Actions Related to SAC

Limiting Spending Growth: **Exhibit A-1.5** indicates that final revenue and spending actions by the legislature reduced the fiscal 2016 structural deficit by $444 million, or 68%, at the 2015 session. This exceeds the SAC recommendation to reduce the structural general fund deficit by at least 50%, or $325 million. This figure could reach 82% if the 2% across-the-board reduction, as introduced by the Administration, results in ongoing savings to the budget.

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

Target		
Estimated Structural Gap (December 2014)		-$650
Target Reduction		-325
Ongoing Revenues	$16,296	
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	-9	
Legislation	-4	
Other One-time Items	-2	
Subtotal		***$16,281***
Ongoing Spending	$16,404	
Rainy Day Fund	-50	
Tobacco Arbitration	40	
One-time Reductions	38	
2% Across-the-board Reduction	91	
Prince George's Hospital Grant	-15	
Pay-as-you-go Capital	-21	
Subtotal		***$16,487***
Amount Reduced from Structural Shortfall		**$444**
Remaining Structural Gap		**$206**

Source: Department of Legislative Services

Personnel: The budget as introduced funded 81,422 positions, though the budget also assumes the abolition of 500 positions through a VSP. Accounting for the VSP, results in 80,922 positions on a spending affordability basis. The legislature abolished 115 positions from the base budget. At 80,807 positions, the fiscal 2016 personnel complement is below the 81,081 cap recommended by SAC for the 2015 session. Thus, the final action for State employment is consistent with the SAC recommendation.

State Reserve Fund Balance: Transfers of $34.0 million support fiscal 2016 spending, while maintaining an $814.1 million balance in the Rainy Day Fund. This constitutes a 5% balance. Final action on the budget complied with the SAC recommendation to maintain at least a 5% balance.

Summary of Fiscal 2016 Legislative Activity

Exhibit A-1.6 shows the impact of the legislative budget on the general fund balance for fiscal 2015 and 2016. The fiscal 2015 balance is estimated to be $52.7 million, assuming $30.3 million in reversions. At the end of fiscal 2016, the closing balance is estimated to be $27.7 million assuming $30.0 million in reversions.

Exhibit A-1.6
Final Legislative Budget Action with HB 70
Fiscal 2015-2016
($ in Millions)

	2015	2016
Opening Balance	**$147.6**	**$52.7**
Board of Revenue Estimates Revenues	$15,691.9	$16,245.2
Additional Revenues	35.1	50.6
Legislation	0.0	7.1
Transfers	142.5	76.2
Subtotal	***$15,869.5***	***$16,379.2***
Approps/ATBs/Deficiencies/BPW Withdrawals	$16,065.0	$16,611.6
Reductions	-19.6	-94.8
Contingent Reductions	-50.7	-82.6
Reversions	-30.3	-30.0
Subtotal	***$15,964.3***	***$16,404.2***
Closing Balance	**$52.7**	**$27.7**

ATB: across-the-board
BPW: Board of Public Works

Source: Department of Legislative Services

Outlook for Future Budgets

As shown in **Exhibit A-1.7**, fiscal 2016 is projected to end with a $28 million fund balance. This is $25 million less than the projected fiscal 2015 fund balance. In fiscal 2016, ongoing spending exceeds ongoing revenues by $206 million. This spending is supported by $99 million in one-time revenues and fund transfers. The budget also includes one-time reductions that exceed one-time spending by $69 million. The remaining difference between ongoing revenues and spending is a reduction in the fund balance.

The structural deficit increases to $284 million in fiscal 2017, which is $78 million greater than fiscal 2016. Fiscal 2017 also has an estimated $269 million cash shortfall. Areas with substantial increases include:

- $167 million for additional debt service costs;
- $105 million due to the growth in K-12 Education Foundation spending;
- $75 million to restore a 2% reduction to State employee salaries; and
- $70 million for the Geographic Cost of Education Index (also discussed with legislation).

General fund revenues are expected to increase by 4.0% from fiscal 2016 to 2017. To eliminate the imbalance between ongoing revenues and spending in fiscal 2017, ongoing revenues would need to grow 5.7%.

The forecast is impacted by legislation enacted during the 2015 session. This includes reductions in taxes and increased expenditures. Legislation affecting out-year revenues include:

- ***Senate Bill 763* (Ch. 50)** requires the Comptroller to declare an amnesty period for certain delinquent taxpayers from September 1, 2015, through October 30, 2015, for penalties and one-half of any interest due attributable to the nonpayment, nonreporting, or underreporting of income taxes, withholding taxes, sales and use taxes, or admissions and amusement taxes that are paid during the amnesty period. Individuals or corporations who enter into a payment agreement with the Comptroller's Office can also qualify for the amnesty. This is estimated to provide $11.4 million in revenues in fiscal 2016. Revenue losses of $0.9 million are projected annually beginning in fiscal 2018;
- ***House Bill 5* (Ch. 56)** establishes the Newborn Screening Program Fund, which is administered by the Secretary of Health and Mental Hygiene, to cover the administrative, laboratory, and follow-up costs associated with performing newborn screening tests. The fund is primarily funded through fees collected from the Newborn Screening Program. This is expected to reduce general fund revenues $6.8 million annually;

Exhibit A-1.7
General Fund Budget Outlook
Fiscal 2015-2020
($ in Millions)

Revenues	2015 Working	2016 Leg. Approp.	2017 Est.	2018 Est.	2019 Est.	2020 Est.	2016-20 Avg Annual Change
Opening Fund Balance	$148	$53	$28	$0	$0	$0	
Transfers	143	39	35	36	41	35	
One-time Revenues and Legislation	85	60	4	-1	-1	-1	
Subtotal One-time Revenue	***$376***	***$151***	***$66***	***$35***	***$40***	***$34***	***-31.1%***
Ongoing Revenues	$15,641	$16,285	$16,920	$17,549	$18,086	$18,767	
Revenue Adjustments and Legislation	0	-4	-10	-10	-10	-10	
Subtotal Ongoing Revenue	***$15,641***	***$16,281***	***$16,910***	***$17,539***	***$18,076***	***$18,757***	***3.6%***
Total Revenues and Fund Balance	**$16,017**	**$16,432**	**$16,976**	**$17,574**	**$18,116**	**$18,791**	**3.4%**
Ongoing Spending							
Operating Spending	$16,580	$16,685	$17,483	$18,202	$18,926	$19,715	
VLT Revenues Supporting Education	-394	-394	-511	-538	-545	-554	
Multi-year Commitments	9	9	10	0	0	0	
Programs Restored/Enhanced	0	187	191	197	203	208	
Ongoing Spending – Legislation	0	0	20	23	23	23	
Subtotal Ongoing Spending	***$16,195***	***$16,487***	***$17,194***	***$17,883***	***$18,606***	***$19,392***	***4.1%***
One-time Spending							
PAYGO Capital	$3	$21	$1	$1	$1	$1	
One-time Reductions	-258	-168	0	0	0	0	
Legislation/1-time Adjustments/Swaps	10	15	0	0	0	0	
Appropriation to Rainy Day Fund	15	50	50	50	50	50	
Subtotal One-time Spending	***-$230***	***-$83***	***$51***	***$51***	***$51***	***$51***	
Total Spending	**$15,964**	**$16,404**	**$17,245**	**$17,934**	**$18,657**	**$19,443**	**4.4%**
Ending Balance	**$53**	**$28**	**-$269**	**-$360**	**-$541**	**-$652**	
Rainy Day Fund Balance	$786	$814	$846	$878	$905	$938	
Balance Over 5% of GF Revenues	4	2	0	0	0	0	
As % of GF Revenues	5.02%	5.01%	5.00%	5.00%	5.00%	5.00%	
Structural Balance	**-$554**	**-$206**	**-$284**	**-$345**	**-$530**	**-$635**	

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

- ***Senate Bill 592* (passed)** is an Administration bill, which expands the existing military retirement income tax subtraction modification by increasing from $5,000 to $10,000 the maximum amount of retirement income that can be excluded from Maryland adjusted gross income for purposes of calculating Maryland income tax liability. In order to qualify for the increased subtraction modification, the individual must be at least 65 years old. The bill is estimated to reduce revenues by approximately $3.0 million annually; and

- ***House Bill 827* (passed)** alters the distribution of alcoholic beverages tax revenue so that the revenue generated from the tax on wine produced at wineries licensed in the State must be distributed to the Maryland Wine and Grape Promotion Fund. The legislation is projected to reduce revenues by approximately $200,000 annually.

Legislation affecting expenditures include:

- ***Senate Bill 183* (passed)** changes the Geographic Cost of Education Index (GCEI) formula from discretionary to mandatory beginning in fiscal 2016, if full funding of GCEI is not provided for in the fiscal 2016 operating budget. GCEI expenditures total $68.1 million in fiscal 2016 and increase to $76.3 million by fiscal 2020;

- ***Senate Bill 905* (passed)** repeals the termination date of the film production activity tax credit program and specifies legislative intent that funding for the program be sufficient to maintain the current level of film production activity in the State and attract new production activity. The fiscal note estimates that costs increase by $25.0 million annually beginning in fiscal 2017;

- ***House Bill 5* (Ch. 56)** establishes the Newborn Screening Program Fund, which is administered by the Secretary of Health and Mental Hygiene, to cover the administrative, laboratory, and follow-up costs associated with performing newborn screening tests. The fund is primarily funded through fees collected from the Newborn Screening Program. This is projected to reduce general fund spending by $5.4 million in fiscal 2016 and at least $7.0 million annually beginning in fiscal 2017; and

- ***Senate Bill 862* (passed)** ratifies existing provisions which require the Governor to include in the State budget an appropriation for the Maryland Park Service (MPS) from revenues in the Forest or Park Reserve Fund that are attributable to MPS operations that are equal to at least 60% of the revenues for fiscal 2016, at least 80% of the revenues for fiscal 2017, and 100% of the revenues for fiscal 2018 and each fiscal year thereafter. This is expected to add $2.2 million to fiscal 2017 spending and $4.5 million annually beginning in fiscal 2018.

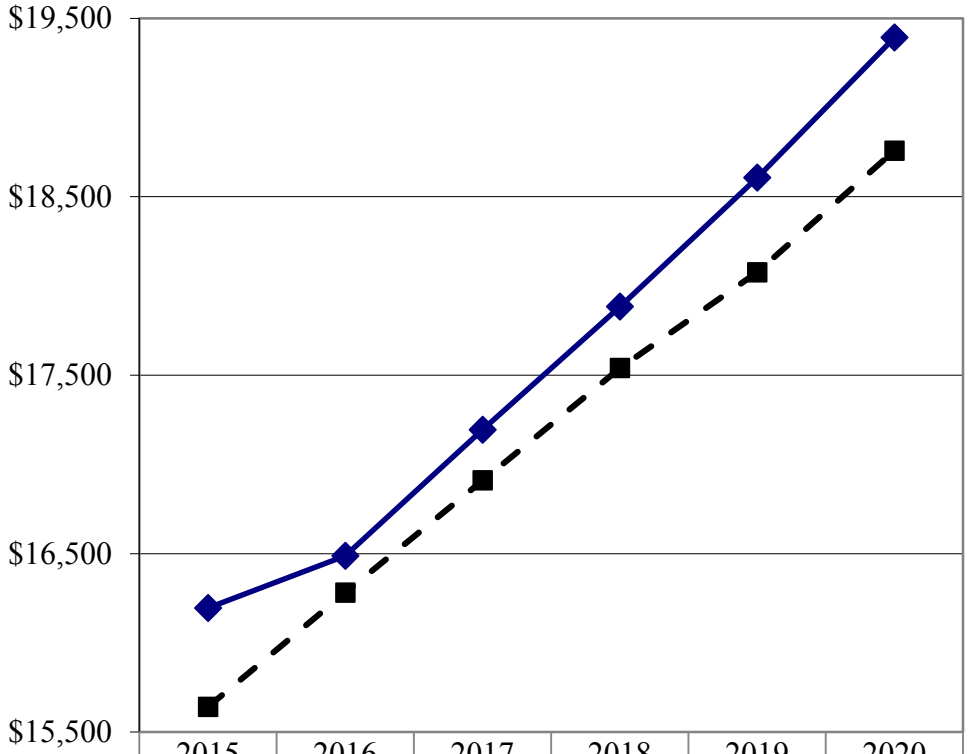
Exhibit A-1.8 shows that the structural deficit increases from $206 million in fiscal 2016 to $635 million in fiscal 2020; about 3.3% of ongoing general fund spending. The primary reason that the deficit grows is due to policy decisions to maintain out-year formulas, including those pertaining to K-12 education, community colleges, and developmental disability service providers. Growth is also due to legislation mandating funding for the GCEI and restoration of funding for legislative priorities as well as other legislation such as the film wage tax credit, which assumes a certain funding level in future years.

Exhibit A-1.8

The General Fund Structural Deficit Worsens by Fiscal 2020

Fiscal 2015-2020

($ in Millions)



	2015	2016	2017	2018	2019	2020
Ongoing Spending	$16,195	$16,487	$17,194	$17,883	$18,606	19,392
Ongoing Revenues	$15,641	$16,281	$16,910	$17,539	$18,076	18,757
Structural Balance	-$554	-$206	-$284	-$345	-$530	-$635

Budget Reconciliation and Financing Legislation

House Bill 72, the BRFA of 2015, implements $371.8 million in actions to the benefit of the general fund for fiscal 2015 and 2016 (as shown in **Exhibit A-1.9**) and includes certain actions that reduce the State's structural imbalance. The provisions in the BRFA of 2015 can be categorized into six groups: use of special fund revenues, general fund revenue actions, cost control measures and mandate relief, program oversight and administration, provisions impacting local governments, and other provisions.

Exhibit A-1.9
Summary of Actions in the Budget Reconciliation and Financing Act of 2015
($ in Millions)

Fiscal 2015 Fund Transfers	$142.5
Fiscal 2016 Fund Transfers	42.2
Fiscal 2015 Revenues	10.8
Fiscal 2016 Revenues	14.4
Fiscal 2015 Expenditure Reductions	50.7
Fiscal 2016 Expenditure Reductions	111.2
Total Budgetary Action	**$371.8**

Use of Special Funds

The BFRA of 2015 contains several provisions that alter the use of special funds for State agency operations and programs. Specifically, the legislation allows the MDE Maryland Oil Disaster Clean-Up and Contingency Fund to be used for additional specified purposes in fiscal 2015 and 2016 only. DNR's Waterway Improvement Fund is authorized to fund-related administrative expenses in fiscal 2016, allowing for a $0.9 million general fund reduction. The legislation also authorizes the use of the Waterway Improvement Fund for the dredging of lakes, ponds, and reservoirs owned by the State in order to allow for Deep Creek Lake dredging projects. Modifications are also made to the underattainment provisions of the transfer tax and uses of any fiscal 2015 over attainment. The SEIF may now be used for combined heat and power projects at industrial facilities, and any transferred funds from the SEIF may only come from the non-energy assistance accounts of the fund.

Additionally, the BRFA of 2015 allows the use of the Department of Housing and Community Development's Housing Counseling and Foreclosure Mediation Fund for operational expenses of the department, allowing for a $2.4 million general fund reduction in fiscal 2016. Similarly, the fund balance for the Maryland Health Insurance Plan may now be used to improve outcomes for high-need Medicare and dually eligible Medicare and Medicaid patients. Finally, the BRFA of 2015 specifies grants to be distributed from the Special Fund for Preservation of

Cultural Arts in Maryland: $50,000 to the Sotterley Plantation Museum; $125,000 to the Maryland Historical Society; $175,000 to the Maryland Humanities Council; $790,042 to the Maryland State Arts Council; $467,000 to the Maryland Academy of Sciences; $25,000 to the Doleman Black Heritage Museum; $200,000 to the Center Stage Associates, Inc.; $68,080 to Arts Every Day; $25,000 to the Arena Players, Inc.; $24,878 to the Prince George's African-American Museum and Cultural Center; and $50,000 to the Young Audiences of Maryland.

General Fund Revenue Actions

Revenue actions that benefit the general fund include an increase in the amount of funds to be redirected to the general fund from the sales tax on vehicle rentals that is credited to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. The increase totals $8.6 million in fiscal 2016. Additionally, the legislation specifies that the earned income tax credit is applicable to Maryland residents only. The BRFA of 2015 also increases the revenue from the transfer tax that is directed to the general fund by $37.7 million in fiscal 2016. Under the Department of Business and Economic Development, the BRFA of 2015 requires that any repayment related to loans from the Sunny Day Fund be redirected to the general fund in fiscal 2015 and 2016. Similarly, the legislation redirects certain traffic ticket surcharges from the State Police Helicopter Fund (which is repealed by the BRFA of 2015) to the general fund. Also, the BRFA of 2015 authorizes the early claw back of savings for calendar 2014 MCO payments to recognize failure of MCOs to meet certain medical loss ratios, which increases general fund revenue by $10.0 million. The Administration must also include any proposed transfers from the Rainy Day Fund in fiscal 2017 and 2018 in separate legislation, instead of in the budget bill. The BRFA of 2015 includes a provision to ensure that planned reversions to two programs under MSDE are realized in fiscal 2015.

As seen in **Exhibit A-1.10**, balances in the following funds are transferred to the general fund.

Cost Control Measures and Modifications to Mandates

The BRFA of 2015 includes several provisions that implement cost control and mandate relief. Specifically, the legislation reduces the mandated funding level for the Maryland Agricultural and Resource-Based Industry Development Corporation from $4.0 million to $2.875 million for fiscal 2016 through 2021 and extends funding at this level through fiscal 2024. Also, the BRFA of 2015 extends the phase-in of net taxable income education aid grants by one year to fiscal 2019. Additionally, the BRFA of 2015 slows and extends the phase-in of mandated increases to the per resident amount for aid to regional and State library resource centers and local public libraries through fiscal 2025.

Exhibit A-1.10
Budget Reconciliation and Financing Act of 2015
General Fund Transfers
Fiscal 2015-2016
($ in Millions)

	2015	2016
Local Income Tax Reserve Account	$100,000,000	
Program Open Space Unencumbered Balance	10,500,000	
Program Open Space		$37,712,700
Strategic Energy Investment Fund	6,000,000	
Baltimore City Community College	4,000,000	
State Unemployment Trust Fund	4,000,000	4,000,000
Jane E. Lawton Conservation Loan Fund	3,000,000	
Mortgage Lender – Originator Fund	3,000,000	
Board of Nursing	2,500,000	
Waterway Improvement Fund	2,180,000	
Board of Physicians	1,800,000	
Health Personnel Shortage Incentive Fund	1,700,000	
Board of Pharmacy	1,600,000	
Bay Restoration Fund from Cover Crop Program balance	1,375,000	
Spinal Cord Injury Research Trust Fund	500,000	500,000
State Police Helicopter Replacement Fund	269,741	
Sustainable Communities Tax Credit Reserve	58,000	
Total	**$142,482,741**	**$42,212,700**

Source: Department of Legislative Services

Related to the State Retirement and Pension System, the BRFA of 2015 repeals the corridor funding method and retains a $75 million supplemental contribution until the system is 85% funded. Further, the legislation requires that one-half of any unappropriated general fund balance in excess of $10 million be appropriated to the pension fund, up to $50 million from fiscal 2017 to 2020. For a more detailed discussion of personnel issues, see the subpart "Personnel" within Part A of this *90 Day Report*.

Additionally, the legislation delays a transfer tax repayment until 2019 and specifies that the Local Income Tax Reserve Account be repaid at $10.0 million per year from fiscal 2017 through 2025. The BRFA of 2015 also reduces the mandated level of funding for the Cybersecurity Tax Credit from $2.0 million to $1.5 million in fiscal 2016. Another provision

strikes the proposal that the funding mandate for transportation projects necessary to comply with the Watershed Implementation Plan be transferred from either GO bonds or the general fund to the TTF, except in fiscal 2016 only. Additionally, the BRFA of 2015 freezes eligibility under the Quality Teacher Incentive program in fiscal 2016 to teachers who teach in a school identified as a comprehensive needs school in fiscal 2014 and sunsets a portion of the program after fiscal 2016.

Related to health issues, the BRFA of 2015 reduces the Medicaid Deficit Assessment by $25 million per year beginning in fiscal 2017. Under the Health Services Cost Review Commission, the BRFA of 2015 limits expected savings to Medicaid from lower rates for uncompensated care in fiscal 2016 only. Also, in fiscal 2016 only, the BRFA of 2015 reduces the assessment going to the Maryland Health Insurance Plan. A provision requires that funds coming to the State as a result of an approved merger between Exelon Corporation and Pepco must be appropriated in the State budget. Finally, the BRFA of 2015 also freezes, at the fiscal 2015 level, nonpublic placement provider rates and provider rates set by the Interagency Rates Committee. Finally, the BRFA of 2015 adds a provision to continue the authority to implement the *DeWolfe vs. Richmond* decision in fiscal 2016.

Program Oversight and Administration

The BRFA of 2015 includes a number of provisions that affect program oversight and administration. Specifically, the BRFA of 2015 authorizes DHMH to issue controlled dangerous substance permits on a triennial, rather than on a biennial basis. Further, under DDA, the legislation alters the accountability provisions related to community providers and direct employee wages.

Related to transportation issues, the BRFA of 2015 requires the Governor to provide an analysis of the effect of any Administration proposed bill or amendment that would reduce any tax or fee that would otherwise be credited to the TTF. The BRFA of 2015 also includes a provision that sets certain financial parameters of the Maryland Transportation Authority (MDTA), including the unencumbered cash balances, debt, and expenses. The legislation also alters a requirement that the Maryland Aviation Administration Fire Rescue Service charge an ambulance transport fee. Additionally, the BRFA of 2015 alters a requirement of a study to be performed by MDTA related to innovative procurement methods.

Provisions Impacting Local Governments

The BRFA of 2015 requires local school boards to report to the State if that system has a structural deficit that requires a transfer of reserve funds. Additionally, the BRFA of 2015 removes the financial contribution requirement of the Baltimore City School System to the Baltimore City School Revitalization Program in fiscal 2016. Also, the BRFA of 2015 authorizes the State income tax credit for tax paid to other states to be claimed against the local income tax, contingent on a decision by the U.S. Supreme Court in *Maryland State Comptroller v Brian Wynne* against the Comptroller.

Other Provisions

The BRFA of 2015 includes several other provisions, including a provision that prohibits park revenue sharing payments to counties from Forest or Park Reserve Fund non-timber earnings and from the Forest and Park Concession Account in fiscal 2015 only. Provisions relating to State employee compensation prohibit the Administration from adopting pay plans in fiscal 2016 that pay less than plans in effect on January 1, 2015; allow the Administration to institute furloughs or temporary salary actions without BPW approval; permit cost-of-living adjustments to be funded in fiscal 2016; and allow merit increases to employees that are designated as operationally critical.

State Reserve Fund

The Rainy Day Fund, Dedicated Purpose Account, and Catastrophic Event Account are projected to have a combined $814.3 million in total fund balance at the end of fiscal 2016. Activity in fiscal 2015 and 2016 is shown in **Exhibit A-1.11**. The fiscal 2016 budget includes a net appropriation of $16.0 million into the Rainy Day Fund. Appropriations total $50.0 million and $34.0 million is transferred out of the account to the general fund. The end-of-year Rainy Day Fund balance is projected to be $814.1 million, which is 5% of fiscal 2016 general fund revenues. An amendment in the BRFA of 2015 stipulates that any proposed transfer from the Rainy Day Fund in fiscal 2017 or 2018 will require separate legislation instead of the budget bill.

Exhibit A-1.11
State Reserve Fund Activity
Fiscal 2015-2016
($ in Millions)

	Rainy Day Fund	Dedicated Purpose Acct.	Catastrophic Event Acct.
Estimated Balances June 30, 2014	**$763.6**	**$0.0**	**$0.2**
Fiscal 2015 Appropriation	$19.7		
Board of Public Works Reduction	-4.9		
Estimated Interest	7.7		
Estimated Balances June 30, 2015	**$786.1**	**$0.0**	**$0.2**
Fiscal 2016 Appropriation	$50.0	$10.0	
Transfer to the General Fund	-34.0		
Transfer to the Local Income Tax Reserve Account		-10.0	
Estimated Interest	12.0		
Estimated Balances June 30, 2016	**$814.1**	**$0.0**	**$0.2**
Percent of Revenues in Reserve	**5.0%**		

Source: Department of Budget and Management

In fiscal 2015, the Dedicated Purpose Account received $10 million to reimburse the Local Income Tax Reserve Account. The BRFA of 2015 transferred $100 million from this account into the general fund in fiscal 2015. The Administration's budget included $100 million in fiscal 2016 to reimburse the account. The legislature reduced the fiscal 2016 repayment to $10 million. An amendment was added to the BRFA of 2015 that requires that an additional $10 million be transferred annually into the account to reimburse the remaining $90 million from fiscal 2017 to 2025. The legislation authorizes the Comptroller's Office to increase the general fund contributions into the fund for nine years.

The Catastrophic Event Account began fiscal 2015 with a fund balance totaling $172,937. No activity is planned at this time, so the account is anticipated to end fiscal 2016 with the same balance.

Personnel

State expenditures for employee compensation, estimated to be $7.3 billion in fiscal 2016, are a major component of the budget. Expenditures for regular employees increase by approximately $105 million, or 1.5%. The most significant increase is attributable to employee and retiree health insurance. After years of sharp increases, pension cost growth is modest in fiscal 2016.

Employee Compensation

As introduced, the Governor's allowance proposed a 2% reduction is State employee salaries and no employee increments. Section 20 was broadened to allow it to be implemented as a general across-the-board reduction, but increments were deleted in Section 21 of the budget bill. In Section 48 of the budget bill, the General Assembly added language that restricted the use of $68.7 million in general funds to maintain State employee salaries. The Administration is not required to fund the salaries, but if the Administration does not use these funds to maintain salaries, then the funds cannot be spent for any other purpose, and the funds revert to the general fund. In the BRFA of 2015, the General Assembly also included a provision that prohibited the Administration from permanently reducing employee salaries. The Administration may furlough or temporarily reduce salaries.

Pension Funding

Together, the fiscal 2016 budget and the BRFA of 2015 made substantial modifications to the State's pension funding formula. Most of the changes are contained in the BRFA of 2015, which repeals the corridor funding method beginning in fiscal 2017, and maintains but reduces the ongoing supplemental contribution at $75 million annually until the pension fund reaches the 85% funded level on an actuarial basis. The actuarial funding method is the preferred funding method among actuaries, and is viewed favorably among credit rating agencies. The BRFA of 2015 also requires that one-half of the unappropriated general fund balance in excess of $10.0 million be paid to the pension fund, up to a maximum of $50.0 million annually, from fiscal 2017 through 2020. The fiscal 2016 budget reduces the supplemental contribution for fiscal 2016 from $150.0 million to $75.0 million to conform to the provision in the BRFA of 2015. For a more

detailed discussion of this issue, see the subpart "Pensions and Retirement" within Part C – State Government of this *90 Day Report*.

Employee and Retiree Health Insurance

The Employee and Retiree Health Insurance Account ended fiscal 2013 with a substantial end-of-year surplus. To reduce this surplus, payments into the account were reduced in fiscal 2014 and 2015. Fiscal 2014 and 2015 claims paid by the State also exceeded projections. By the end of fiscal 2015, the account has a slight cash surplus. However, fiscal 2015 revenues and prior year fund balances supporting payments that are accrued in fiscal 2015 are insufficient. As a result, fiscal 2015 ends with a balance that is less than the level of accrued expenditures. This higher spending level is expected to be ongoing. To remedy this, the Administration increases fiscal 2016 State contributions by $181.1 million and employee and retiree contributions by $62.2 million. Despite this, the account is still projected to be short by $31.7 million at the end of fiscal 2016.

Workforce Changes

In fiscal 2016, the State workforce decreases by 115 positions, to 80,807 as shown in **Exhibit A-1.12**. This decrease is attributable to the VSP, which will reduce 500 positions from State government. This is similar to a plan adopted for fiscal 2011. The VSP is voluntary for employees, and agencies determine which positions will be abolished. Abolished positions will not be replaced, and employees in the program receive a one-time $15,000 payment and $200 for each year of service. The budget projects $7.5 million in general fund savings in fiscal 2015 and $30.0 million in general fund savings in fiscal 2016. If the program abolishes less than 500 positions, the difference will be realized by abolishing vacant positions.

Reductions are partially offset by adding new positions. Agencies with the largest net increase in positions are the Judiciary (181 additional positions in various functions including judges and clerks), DNR (27 additional police and special fund positions), and DHMH (25 positions, primarily to support Medicaid and health boards).

By the Numbers

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

Exhibit A-1.13, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through Supplemental Budget No. 1, legislative reductions, and final appropriations for fiscal 2015 and 2016 by fund source. The Governor's original request provided for $40.7 billion in fiscal 2016 expenditures and $237.3 million in fiscal 2015 deficiencies.

Exhibit A-1.12
Regular Full-time Equivalent Positions
Fiscal 2015-2016

Department/Service Area	2015 Working Approp.	2016 Allowance	Legis. Reductions	2016 Legis. Approp.
Health and Human Services				
Health and Mental Hygiene	6,394	6,428	-9	6,419
Human Resources	6,532	6,509	0	6,509
Juvenile Services	2,062	2,062	0	2,062
Subtotal	***14,988***	***14,999***	***-9***	***14,990***
Public Safety				
Public Safety and Correctional Services	11,126	11,123	-50	11,073
Police and Fire Marshal	2,446	2,446	0	2,446
Subtotal	***13,572***	***13,569***	***-50***	***13,519***
Transportation	9,179	9,179	0	9,179
Other Executive				
Legal (Excluding Judiciary)	1,503	1,513	0	1,513
Executive and Administrative Control	1,648	1,646	-2	1,644
Financial and Revenue Administration	2,121	2,136	0	2,136
Budget and Management and DoIT	456	458	-1	457
Retirement	205	217	-1	216
General Services	585	585	0	585
Natural Resources	1,302	1,329	0	1,329
Agriculture	383	384	0	384
Labor, Licensing, and Regulation	1,641	1,640	0	1,640
MSDE and Other Education	1,984	1,987	0	1,987
Housing and Community Development	339	345	0	345
Business and Economic Development	221	221	0	221
Environment	955	958	0	958
Subtotal	***13,341***	***13,417***	***-4***	***13,413***
Executive Branch Subtotal	**51,079**	**51,164**	**-63**	**51,101**
Higher Education	25,543	25,544	0	25,544
Judiciary	3,733	3,966	-52	3,914
Legislature	749	749	0	749
Across-the-board Reduction		-500	0	**-500**
Grand Total	**81,104**	**80,922**	**-115**	**80,807**

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

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

Exhibit A-1.13
Fiscal Note – Summary of the Fiscal 2016 Budget Bill – House Bill 70

	General Funds	Special Funds	Federal Funds	Education Funds	Total Funds
Governor's Allowance					
Fiscal 2015 Budget	$16,034,669,194	$8,084,705,890	$11,841,285,714	$4,024,798,408	$39,985,459,206 [1]
Fiscal 2016 Budget	16,581,588,954	8,382,472,744	11,627,804,125	4,113,590,873	40,705,456,696 [2]
Supplemental Budget No. 1					
Fiscal 2015 Deficiencies	$0	$0	$0	$0	$0
Fiscal 2016 Budget	0	25,000,000	0	0	25,000,000
Subtotal	**$0**	**$25,000,000**	**$0**	**$0**	**$25,000,000**
Budget Reconciliation and Financing Act of 2015					
Fiscal 2015 Contingent Reductions	-$47,000,000	$0	$0	$0	-$47,000,000
Fiscal 2016 Contingent Reductions	-84,863,497	-33,458,332 [3]	3,365,000	0	-114,956,829
Total Reductions	**-$131,863,497**	**-$33,458,332**	**$3,365,000**	**$0**	**-$161,956,829**
Legislative Reductions					
Fiscal 2015 Deficiencies	-$23,323,005	-$1,538,964 [4]	$0	$0	-$24,861,969
Fiscal 2016 Budget	-92,518,627	-6,052,328 [5]	-13,118,171 [5]	0	-111,689,126
Total Reductions	**-$115,841,632**	**-$7,591,292**	**-$13,118,171**	**$0**	**-$136,551,095**
Appropriations					
Fiscal 2015 Budget	$15,964,346,189	$8,083,166,926	$11,841,285,714	$4,024,798,408	$39,913,597,237
Fiscal 2016 Budget	16,404,206,830	8,367,962,084	11,618,050,954	4,113,590,873	40,503,810,741
Change	**$439,860,641**	**$284,795,158**	**-$223,234,760**	**$88,792,465**	**$590,213,504**

[1] Reflects $237.3 million in proposed deficiencies, including $254.4 million in general funds, -$31.6 million in special funds, $15.4 million in federal funds, and -$0.9 million in Current Unrestricted Funds. Reversion assumptions total $30.3 million, including $30.0 million in unspecified reversions and $0.3 million in targeted reversions. There is also a -$7.5 million across-the-board reduction to reflect savings from a Voluntary Separation Program (VSP). This also includes $4.8 million in special funds that will be added back by budget amendment in fiscal 2015 to replace general fund reductions adopted by the Board of Public Works on January 7, 2015.
[2] Reflects estimated general fund reversions of $30.0 million. Across-the-board reductions total $344.1 million reflecting a statewide 2% reduction, the VSP, no funding for employee increments, and an additional across-the-board reduction of $93.6 million.
[3] Includes $18.9 million in special funds and $9.3 million in federal funds that will be added back to the budget by budget amendment in fiscal 2016 to replace general fund reductions or restore legislative priorities.
[4] Includes $2.0 million in special funds that will be added back to the budget by budget amendment in fiscal 2016 to replace general fund reductions.
[5] Includes $4.3 million in special funds and $68.5 million in federal funds that will be added back to the budget by budget amendment in fiscal 2016 related to restricted funds to restore legislative priorities or general fund reductions.

The Governor added $25.0 million in fiscal 2016 spending in the supplemental budget. The legislature made $71.9 million in reductions to fiscal 2015 appropriations, resulting in a net appropriation of $39.9 billion for fiscal 2015. The fiscal 2016 budget was reduced by a net of $226.6 million, consisting of $327.6 million in total fund reductions offset by $100.9 million in special and federal funds that either replace general fund cuts or are related to the potential restoration of legislative priorities. This resulted in a final appropriation of $40.5 billion.

Exhibit A-1.14 details the general fund budget savings restricted for legislative priorities in Section 48 of ***House Bill 70*** and the priorities authorized to be funded from the savings. The savings result from repaying the $100 million transfer from the Local Income Tax Reserve Account over 10 years, rather than in fiscal 2016, delaying a transfer tax repayment until fiscal 2019, realizing certain Medicaid savings, funding cash assistance payments with available federal funds, delaying the phase-in of the net taxable income education grants by one year, and increasing bond funding for public school construction projects. Legislative priorities relate primarily to education, State employee compensation, health provider reimbursements, and services for the developmentally disabled.

Exhibit A-1.15 illustrates budget changes by major expenditure category by fund. Total spending increases by $590.2 million, or 1.5%. Debt service grows by $97.1 million, or 7.5%, based on the issuance of GO debt. Aid to local government increases by $203.4 million, or 2.6%, largely due to formula-based education aid. Entitlement spending decreases by $268.2 million, or -2.3%, due to declining caseloads in foster care and Temporary Cash Assistance as well as cuts in Medicaid MCO rates. State agency spending only increases by $82.0 million, or 0.5%, as employee compensation was largely level funded. PAYGO capital expenditures increase by $374.1 million, or 16.9%, due mostly to greater spending on transportation projects.

Exhibit A-1.14
Legislative Budget Priorities
($ in Millions)

Sources

	GF
Local Income Tax Revenue Repayment	$90.0
Transfer Tax Repayment	50.0
Medicaid Provider Reimbursements	26.6
Cash Assistance Payments	13.0
Aid to Education Net Taxable Income Phase-in	11.9
Public School Construction Pay-as-you-go	10.2
Total Reductions	**$201.7**

Uses

	GF
Fiscal 2015 2% General Salary Increase	$68.7
Geographic Cost of Education Index	68.1
Physician Rates (Primary Care – House/B&T; Specialty – B&T)	15.5
Psychiatrist Evaluation and Management Rates	1.1
Community Mental Health Provider Rates	6.5
Home- and Community-based Care Provider Rates	4.8
Medicaid Coverage for Pregnant Women and Family Planning	4.8
Developmental Disabilities Purchase of Care Grants	2.2
Developmental Disabilities Crisis Resolution Services	3.0
Adult Day Care Center Grants	2.1
Substance Abuse Treatment – Heroin Addiction	2.0
Maryland School for the Blind Additional Program Support	1.8
Nonpublic Special Education Placements Provider Rates	1.7
Prince George's County Hospital Center	15.0
Nursing Home Rates	4.0
Children' Medical Day Care Services	0.1
Charter School Funding Study	0.3
Total Funding for Priorities Not Funded by Governor	**$201.7**

B&T: Budget and Taxation Committee
CRF: Cigarette Restitution Fund
VLT: video lottery terminals

Exhibit A-1.15
State Expenditures – General Funds
($ in Millions)

Category	Actual FY 2014	Working Approp. FY 2015	Legislative Approp. FY 2016	Legislative Restorations[1] FY 2016	Adjusted Legislative Approp. FY 2016	FY 2015 to FY 2016 $ Change	FY 2015 to FY 2016 % Change
Debt Service	$83.0	$140.0	$252.4	$0.0	$252.4	$112.4	80.3%
County/Municipal	245.6	246.0	252.8	0.0	252.8	6.8	2.8%
Community Colleges	281.3	290.5	296.1	0.0	296.1	5.6	1.9%
Education/Libraries	5,601.9	5,770.3	5,811.6	69.8	5,881.4	111.0	1.9%
Health	41.7	41.7	45.7	0.0	45.7	3.9	9.4%
Aid to Local Governments	***$6,170.6***	***$6,348.6***	***$6,406.2***	***$69.8***	***$6,476.0***	***$127.3***	***2.0%***
Foster Care Payments	230.6	222.8	193.0	0.0	193.0	-29.9	-13.4%
Assistance Payments	65.6	73.9	63.4	0.0	63.4	-10.5	-14.2%
Medical Assistance	2,478.8	2,815.1	2,825.6	36.7	2,862.3	47.2	1.7%
Property Tax Credits	78.4	82.0	81.7	0.0	81.7	-0.2	-0.3%
Entitlements	***$2,853.5***	***$3,193.9***	***$3,163.7***	***$36.7***	***$3,200.4***	***$6.6***	***0.2%***
Health	1,559.4	1,262.0	1,284.2	30.8	1,315.0	53.0	4.2%
Human Resources	355.9	324.5	358.3	3.3	361.6	37.1	11.4%
Children's Cabinet Interagency Fund	20.1	20.8	22.5	0.0	22.5	1.7	8.1%
Juvenile Services	275.6	278.1	279.4	2.4	281.8	3.6	1.3%
Public Safety/Police	1,363.7	1,421.1	1,431.5	15.6	1,447.2	26.1	1.8%
Higher Education	1,205.0	1,287.9	1,304.4	31.0	1,335.4	47.5	3.7%
Other Education	383.5	389.8	394.6	4.0	398.5	8.8	2.3%
Agric./National Res./Environment	112.1	132.1	116.1	1.5	117.6	-14.5	-10.9%
Other Executive Agencies	644.0	664.8	642.0	6.7	648.7	-16.1	-2.4%
Legislative	78.4	82.3	83.6	0.9	84.5	2.2	2.7%
Judiciary	400.3	429.9	449.3	3.6	452.9	23.0	5.3%
Across-the-board Cuts	0.0	-7.5	-49.9	0.0	-49.9	-42.4	565.0%
State Agencies	***$6,397.9***	***$6,285.8***	***$6,316.1***	***$99.7***	***$6,415.8***	***$130.0***	***2.1%***
Total Operating	**$15,504.9**	**$15,968.3**	**$16,138.4**	**$206.2**	**$16,344.6**	**$376.3**	**2.4%**
Capital [2]	42.7	11.5	29.6	0.0	29.6	18.0	156.2%
Subtotal	***$15,547.6***	***$15,979.8***	***$16,168.0***	***$206.2***	***$16,374.2***	***$394.4***	***2.5%***
Reserve Funds	55.3	14.8	60.0	0.0	60.0	45.2	305.8%
Appropriations	**$15,602.8**	**$15,994.6**	**$16,228.0**	**$206.2**	**$16,434.2**	**$439.6**	**2.7%**
Reversions	0.0	-30.3	-30.0	0.0	-30.0	0.3	-0.9%
Grand Total	**$15,602.8**	**$15,964.3**	**$16,198.0**	**$206.2**	**$16,404.2**	**$439.9**	**2.8%**

[1] The General Assembly provided $206.2 million in funding for a variety of purposes as specified in Section 48 of the budget bill (HB 70). However, restoration of the funding is at the discretion of the Governor.
[2] Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2015 working appropriation reflects $197.8 million in reductions approved by the Board of Public Works on January 7. It also includes deficiencies, legislative reductions to the deficiencies of which $47.0 million is contingent on the Budget Reconciliation and Financing Act of 2015 (HB 72), $3.7 million in targeted reversions, and $7.5 million in savings from Section 22 of the budget bill (HB 70). The fiscal 2016 legislative appropriation reflects $82.6 million in legislative reductions that are contingent on HB 72.

Exhibit A-1.15 (Continued)
State Expenditures – Special and Higher Education Funds*
($ in Millions)

Category	Actual FY 2014	Working Approp. FY 2015	Legislative Approp. FY 2016	Legislative Restorations[1] FY 2016	Adjusted Legislative Approp. FY 2016	FY 2015 to FY 2016 $ Change	FY 2015 to FY 2016 % Change
Debt Service	$1,086.8	$1,143.3	$1,128.0	$0.0	$1,128.0	-$15.3	-1.3%
County/Municipal	261.5	262.9	273.9	0.0	273.9	11.1	4.2%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	389.7	386.8	394.0	0.0	394.0	7.2	1.9%
Health	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	***$651.1***	***$649.7***	***$668.0***	***$0.0***	***$668.0***	***$18.3***	***2.8%***
Foster Care Payments	1.2	5.5	4.8	0.0	4.8	-0.7	-12.0%
Assistance Payments	1.0	18.6	16.6	0.0	16.6	-2.0	-10.5%
Medical Assistance	870.1	985.1	951.7	0.0	951.7	-33.5	-3.4%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	***$872.3***	***$1,009.2***	***$973.1***	***$0.0***	***$973.1***	***-$36.1***	***-3.6%***
Health	511.8	474.5	432.2	0.7	432.9	-41.6	-8.8%
Human Resources	103.8	96.9	90.5	0.1	90.6	-6.2	-6.4%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Juvenile Services	4.2	5.0	4.9	0.0	4.9	-0.1	-1.2%
Public Safety/Police	189.7	218.1	220.5	1.5	222.0	3.9	1.8%
Higher Education	3,945.8	4,093.5	4,185.4	0.0	4,185.4	91.9	2.2%
Other Education	62.2	61.8	51.8	0.2	51.9	-9.9	-16.0%
Transportation	1,744.8	1,671.4	1,751.9	6.6	1,758.5	87.1	5.2%
Agric./National Res./Environment	206.1	228.5	253.6	1.6	255.2	26.8	11.7%
Other Executive Agencies	579.8	691.2	669.5	3.4	672.9	-18.3	-2.6%
Legislative	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Judiciary	44.9	64.1	64.7	0.0	64.7	0.6	0.9%
Across-the-board Cuts	0.0	0.0	-5.8	0.0	-5.8	-5.8	n/a
State Agencies	***$7,392.9***	***$7,604.9***	***$7,719.3***	***$14.1***	***$7,733.4***	***$128.5***	***1.7%***
Total Operating	**$10,003.1**	**$10,407.1**	**$10,488.5**	**$14.1**	**$10,502.5**	**$95.4**	**0.9%**
Capital	1,256.9	1,700.9	1,977.5	1.5	1,979.0	278.2	16.4%
– Transportation	985.4	1,449.4	1,726.5	1.5	1,728.0	278.6	19.2%
– Environment	200.7	197.6	193.3	0.0	193.3	-4.3	-2.2%
– Other	70.8	53.8	57.7	0.0	57.7	3.9	7.2%
Grand Total	**$11,260.1**	**$12,108.0**	**$12,466.0**	**$15.6**	**$12,481.6**	**$373.6**	**3.1%**

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

[1] The General Assembly provided funding in Section 48 of the budget bill (HB 70) to offset the 2% reduction in State salary schedules included in Section 20 of the budget bill. However, restoration of this $15.6 million is special fund spending is at the discretion of the Governor.

Note: The fiscal 2015 working appropriation reflects $7.5 million in reductions approved by the Board of Public Works on January 7, additional special fund spending of $6.8 million due to funding swaps, deficiencies and legislative reductions to the deficiencies. The fiscal 2016 legislative appropriation reflects $52.3 million in legislative reductions that are contingent on the Budget Reconciliation and Financing Act of 2015 (HB 72) and $7.5 million in additional special fund spending due to funding swaps.

Exhibit A-1.15 (Continued)
State Expenditures – Federal Funds
($ in Millions)

Category	Actual FY 2014	Working Approp. FY 2015	Legislative Approp. FY 2016	Legislative Restorations[1] FY 2016	Adjusted Legislative Approp. FY 2016	FY 2015 to FY 2016 $ Change	FY 2015 to FY 2016 % Change
Debt Service	$11.4	$11.5	$11.5	$0.0	$11.5	$0.0	-0.1%
County/Municipal	58.9	53.1	65.9	0.0	65.9	12.8	24.1%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	732.8	802.3	847.3	0.0	847.3	45.0	5.6%
Health	4.5	4.5	4.5	0.0	4.5	0.0	0.0%
Aid to Local Governments	***$796.2***	***$859.9***	***$917.7***	***$0.0***	***$917.7***	***$57.8***	***6.7%***
Foster Care Payments	71.6	90.6	98.7	0.0	98.7	8.0	8.8%
Assistance Payments	1,287.9	1,364.5	1,259.5	0.0	1,259.5	-105.0	-7.7%
Medical Assistance	4,236.8	6,112.5	5,902.3	68.5	5,970.8	-141.7	-2.3%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	***$5,596.2***	***$7,567.7***	***$7,260.5***	***$68.5***	***$7,329.0***	***-$238.7***	***-3.2%***
Health	1,271.8	1,011.9	883.1	1.2	884.3	-127.6	-12.6%
Human Resources	458.3	514.6	497.5	3.6	501.0	-13.5	-2.6%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Juvenile Services	7.9	7.1	7.4	0.0	7.4	0.2	3.2%
Public Safety/Police	32.4	30.0	29.9	0.3	30.2	0.2	0.5%
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Other Education	324.4	263.6	247.5	1.3	248.9	-14.8	-5.6%
Transportation	90.6	93.7	94.9	0.1	95.0	1.3	1.3%
Agric./National Res./Environment	58.8	71.1	64.2	0.5	64.7	-6.4	-9.0%
Other Executive Agencies	544.4	576.7	566.8	1.8	568.5	-8.2	-1.4%
Legislative	5.1	1.7	0.1	0.0	0.1	-1.6	-94.1%
Judiciary	0.0	0.0	-6.0	0.0	-6.0	-6.0	n/a
Across-the-board Cuts	***$2,793.6***	***$2,570.5***	***$2,385.4***	***$8.7***	***$2,394.1***	***-$176.5***	***-6.9%***
State Agencies							
Total Operating	**$9,197.5**	**$11,009.6**	**$10,575.0**	**$77.2**	**$10,652.2**	**-$357.4**	**-3.2%**
Capital	830.0	831.7	965.2	0.6	965.9	134.2	16.1%
– Transportation	741.1	763.8	860.8	0.6	861.5	97.7	12.8%
– Environment	44.6	41.3	44.9	0.0	44.9	3.6	8.6%
– Other	44.4	26.5	59.5	0.0	59.5	33.0	124.2%
Grand Total	**$10,027.5**	**$11,841.3**	**$11,540.2**	**$77.8**	**$11,618.1**	**-$223.2**	**-1.9%**

[1] The General Assembly provided funding in Section 48 of the budget bill (HB 70) for a variety of purposes including Medicaid and to offset the 2% reduction in State salary schedules included in Section 20 of the budget bill. This would result in additional federal fund spending of $77.8 million in fiscal 2016. However, restoration of funding is at the discretion of the Governor.

Note: The fiscal 2015 working appropriation includes $15.4 million in deficiencies. The fiscal 2016 legislative appropriation reflects $6.0 million in legislative reductions that are contingent on the Budget Reconciliation and Financing Act of 2015 (HB 72).

Exhibit A-1.15 (Continued)
State Expenditures – State Funds
($ in Millions)

Category	Actual FY 2014	Working Approp. FY 2015	Legislative Approp. FY 2016	Legislative Restorations[1] FY 2016	Adjusted Legislative Approp. FY 2016	FY 2015 to FY 2016 $ Change	FY 2015 to FY 2016 % Change
Debt Service	$1,169.8	$1,283.3	$1,380.4	$0.0	$1,380.4	$97.1	7.6%
County/Municipal	507.1	508.9	526.8	0.0	526.8	17.9	3.5%
Community Colleges	281.3	290.5	296.1	0.0	296.1	5.6	1.9%
Education/Libraries	5,991.6	6,157.1	6,205.6	69.8	6,275.4	118.2	1.9%
Health	41.7	41.7	45.7	0.0	45.7	3.9	9.4%
Aid to Local Governments	***$6,821.7***	***$6,998.3***	***$7,074.1***	***$69.8***	***$7,143.9***	***$145.6***	***2.1%***
Foster Care Payments	231.8	228.3	197.8	0.0	197.8	-30.5	-13.4%
Assistance Payments	66.6	92.5	80.0	0.0	80.0	-12.5	-13.5%
Medical Assistance	3,348.9	3,800.3	3,777.3	36.7	3,814.0	13.7	0.4%
Property Tax Credits	78.4	82.0	81.7	0.0	81.7	-0.2	-0.3%
Entitlements	***$3,725.8***	***$4,203.1***	***$4,136.8***	***$36.7***	***$4,173.5***	***-$29.5***	***-0.7%***
Health	2,071.2	1,736.5	1,716.4	31.5	1,747.9	11.4	0.7%
Human Resources	459.7	421.4	448.9	3.4	452.2	30.9	7.3%
Children's Cabinet Interagency Fund	20.1	20.8	22.5	0.0	22.5	1.7	8.1%
Juvenile Services	279.8	283.1	284.3	2.4	286.7	3.6	1.3%
Public Safety/Police	1,553.3	1,639.2	1,652.1	17.2	1,669.2	30.0	1.8%
Higher Education	5,150.8	5,381.4	5,489.9	31.0	5,520.8	139.4	2.6%
Other Education	445.7	451.6	446.4	4.1	450.5	-1.1	-0.2%
Transportation	1,744.8	1,671.4	1,751.9	6.6	1,758.5	87.1	5.2%
Agric./National Res./Environment	318.2	360.5	369.7	3.1	372.8	12.3	3.4%
Other Executive Agencies	1,223.7	1,356.0	1,311.5	10.1	1,321.6	-34.4	-2.5%
Legislative	78.4	82.3	83.6	0.9	84.5	2.2	2.7%
Judiciary	445.2	494.0	514.0	3.6	517.6	23.6	4.8%
Across-the-board Cuts	0.0	-7.5	-55.7	0.0	-55.7	-48.2	642.1%
State Agencies	***$13,790.8***	***$13,890.8***	***$14,035.5***	***$113.8***	***$14,149.2***	***$258.5***	***1.9%***
Total Operating	**$25,508.0**	**$26,375.4**	**$26,626.9**	**$220.3**	**$26,847.1**	**$471.7**	**1.8%**
Capital[2]	1,299.6	1,712.4	2,007.1	1.5	2,008.6	296.2	17.3%
– Transportation	985.4	1,449.4	1,726.5	1.5	1,728.0	278.6	19.2%
– Environment	201.0	198.6	194.0	0.0	194.0	-4.6	-2.3%
– Other	113.2	64.3	86.6	0.0	86.6	22.2	34.5%
Subtotal	***$26,807.6***	***$28,087.8***	***$28,634.0***	***$221.8***	***$28,855.8***	***$767.9***	***2.7%***
Reserve Funds	55.3	14.8	60.0	0.0	60.0	45.2	305.8%
Appropriations	**$26,862.9**	**$28,102.6**	**$28,694.0**	**$221.8**	**$28,915.8**	**$813.2**	**2.9%**
Reversions	0.0	-30.3	-30.0	0.0	-30.0	0.3	-0.9%
Grand Total	**$26,862.9**	**$28,072.3**	**$28,664.0**	**$221.8**	**$28,885.8**	**$813.4**	**2.9%**

[1] The General Assembly provided $221.8 million in funding for a variety of purposes as specified in Section 48 of the budget bill (HB 70). However, restoration of the funding is at the discretion of the Governor.
[2] Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2015 working appropriation reflects $205.3 million in reductions approved by the Board of Public Works on January 7 and additional special funds spending of $6.8 million due to funding swaps. It also includes deficiencies, reductions to the deficiencies of which $47.0 million is contingent on the Budget Reconciliation and Financing Act of 2015 (HB 72), $3.7 million in targeted reversions, and $7.5 million in savings from Section 22 of the budget bill (HB 70). The fiscal 2016 legislative appropriation reflects $134.9 million in legislative reductions that are contingent on HB 72 and $7.5 million in additional special fund spending due to funding swaps.

Exhibit A-1.15 (Continued)
State Expenditures – All Funds
($ in Millions)

Category	Actual FY 2014	Working Approp. FY 2015	Legislative Approp. FY 2016	Legislative Restorations[1] FY 2016	Adjusted Legislative Approp. FY 2016	FY 2015 to FY 2016 $ Change	FY 2015 to FY 2016 % Change
Debt Service	$1,181.2	$1,294.8	$1,391.9	$0.0	$1,391.9	$97.1	7.5%
County/Municipal	566.0	562.0	592.7	0.0	592.7	30.7	5.5%
Community Colleges	281.3	290.5	296.1	0.0	296.1	5.6	1.9%
Education/Libraries	6,724.4	6,959.5	7,052.8	69.8	7,122.6	163.2	2.3%
Health	46.2	46.2	50.2	0.0	50.2	3.9	8.5%
Aid to Local Governments	***$7,617.9***	***$7,858.2***	***$7,991.8***	***$69.8***	***$8,061.6***	***$203.4***	***2.6%***
Foster Care Payments	303.4	319.0	296.5	0.0	296.5	-22.5	-7.1%
Assistance Payments	1,354.6	1,457.0	1,339.6	0.0	1,339.6	-117.5	-8.1%
Medical Assistance	7,585.6	9,912.8	9,679.6	105.2	9,784.8	-128.0	-1.3%
Property Tax Credits	78.4	82.0	81.7	0.0	81.7	-0.2	-0.3%
Entitlements	***$9,322.0***	***$11,770.8***	***$11,397.3***	***$105.2***	***$11,502.5***	***-$268.2***	***-2.3%***
Health	3,342.9	2,748.3	2,599.5	32.6	2,632.2	-116.2	-4.2%
Human Resources	918.0	935.9	946.3	6.9	953.3	17.4	1.9%
Children's Cabinet Interagency Fund	20.1	20.8	22.5	0.0	22.5	1.7	8.1%
Juvenile Services	287.7	290.2	291.7	2.4	294.1	3.8	1.3%
Public Safety/Police	1,585.7	1,669.2	1,682.0	17.4	1,699.4	30.2	1.8%
Higher Education	5,150.8	5,381.4	5,489.9	31.0	5,520.8	139.4	2.6%
Other Education	770.1	715.2	693.9	5.4	699.3	-15.9	-2.2%
Transportation	1,835.3	1,765.1	1,846.8	6.7	1,853.5	88.4	5.0%
Agric./National Res./Environment	377.0	431.6	433.9	3.6	437.5	5.9	1.4%
Other Executive Agencies	1,768.1	1,932.7	1,878.3	11.8	1,890.1	-42.6	-2.2%
Legislative	78.4	82.3	83.6	0.9	84.5	2.2	2.7%
Judiciary	450.2	495.8	514.1	3.6	517.7	21.9	4.4%
Across-the-board Cuts	0.0	-7.5	-61.6	0.0	-61.6	-54.1	721.6%
State Agencies	***$16,584.4***	***$16,461.3***	***$16,420.9***	***$122.4***	***$16,543.3***	***$82.0***	***0.5%***
Total Operating	**$34,705.5**	**$37,385.0**	**$37,201.9**	**$297.4**	**$37,499.3**	**$114.3**	**0.3%**
Capital[2]	2,129.6	2,544.1	2,972.3	2.2	2,974.5	430.4	16.9%
– Transportation	1,726.5	2,213.3	2,587.3	2.2	2,589.5	376.2	17.0%
– Environment	245.6	239.9	238.9	0.0	238.9	-1.0	-0.4%
– Other	157.5	90.9	146.1	0.0	146.1	55.2	60.7%
Subtotal	***$36,835.1***	***$39,929.1***	***$40,174.2***	***$299.6***	***$40,473.8***	***$544.7***	***1.4%***
Reserve Funds	55.3	14.8	60.0	0.0	60.0	45.2	305.8%
Appropriations	**$36,890.4**	**$39,943.9**	**$40,234.2**	**$299.6**	**$40,533.8**	**$589.9**	**1.5%**
Reversions	0.0	-30.3	-30.0	0.0	-30.0	0.3	-0.9%
Grand Total	**$36,890.4**	**$39,913.6**	**$40,204.2**	**$299.6**	**$40,503.8**	**$590.2**	**1.5%**

[1] The General Assembly provided $299.6 million in funding for a variety of purposes as specified in Section 48 of the budget bill (HB 70). However, restoration of the funding is at the discretion of the Governor.
[2] Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2015 working appropriation reflects $205.3 million in reductions approved by the Board of Public Works on January 7 and additional special fund spending of $6.8 million due to funding swaps. It also includes deficiencies, legislative reductions to the deficiencies of which $47.0 million is contingent the Budget Reconciliation and Financing Act (HB 72), $3.7 million in targeted reversions, and $7.5 million in savings from Section 22 of the budget bill (HB 70). The fiscal 2016 legislative appropriation reflects $140.9 million in legislative reductions that are contingent on HB 72 and $7.5 million in additional special fund spending due to funding swaps.

Capital Budget

The 2015 General Assembly passed a fiscal 2016 capital budget program totaling $4.215 billion, including $2.657 billion for the transportation program but excluding deficiencies that effect fiscal 2015. Apart from transportation, the program totals $1.558 billion: $1.068 billion is funded with general obligation (GO) bonds authorized in the Maryland Consolidated Capital Bond Loan (MCCBL) of 2015, the 2015 capital budget ***House Bill 71 (passed)***; $4.625 million is funded with Qualified Zone Academy Bonds (QZAB) authorized in ***House Bill 110 (passed)***; $386.5 million is funded on a pay-as-you-go (PAYGO) basis in the operating budget; $48.4 million is funded with attained and estimated bond premium proceeds; and $54.5 million is funded with Academic Revenue Bonds (ARB) for University System of Maryland (USM) facilities authorized in ***House Bill 1182 (passed)***.

Exhibit A-2.1 provides a summary of the capital program by uses and sources, **Exhibit A-2.2** presents an overview of the State's capital program for fiscal 2016, **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 2015. The MCCBL of 2015 includes funding for:

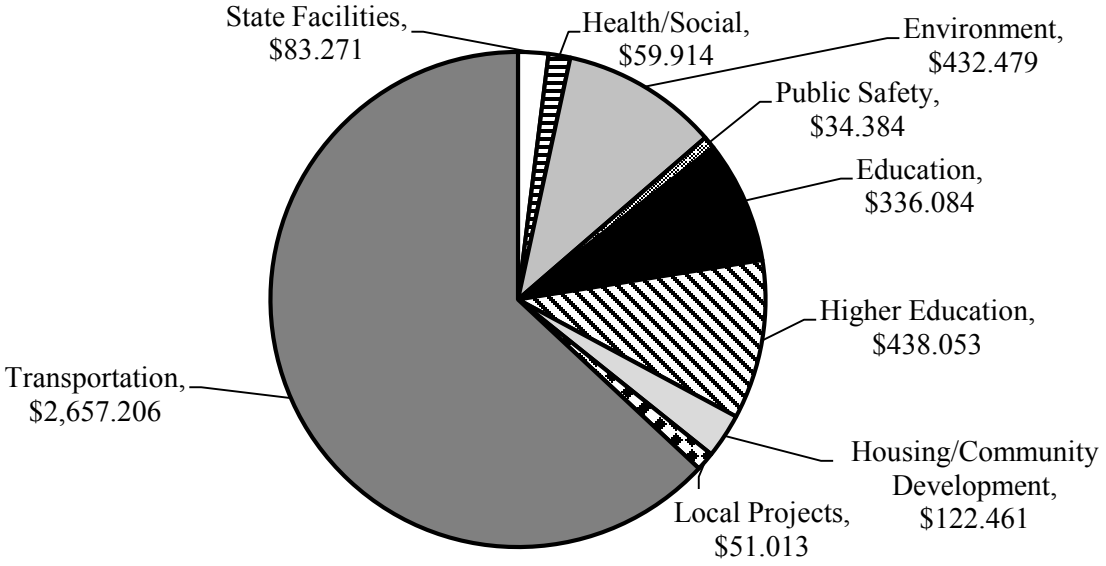
- State facilities, including colleges and universities, hospitals, Department of Disabilities accessibility modifications, correctional facilities, and the public safety communication system;
- grants to local governments for public school construction, community college facilities, and local detention 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 2016 Capital Program Uses and Sources

($ in Millions)

Uses



Sources

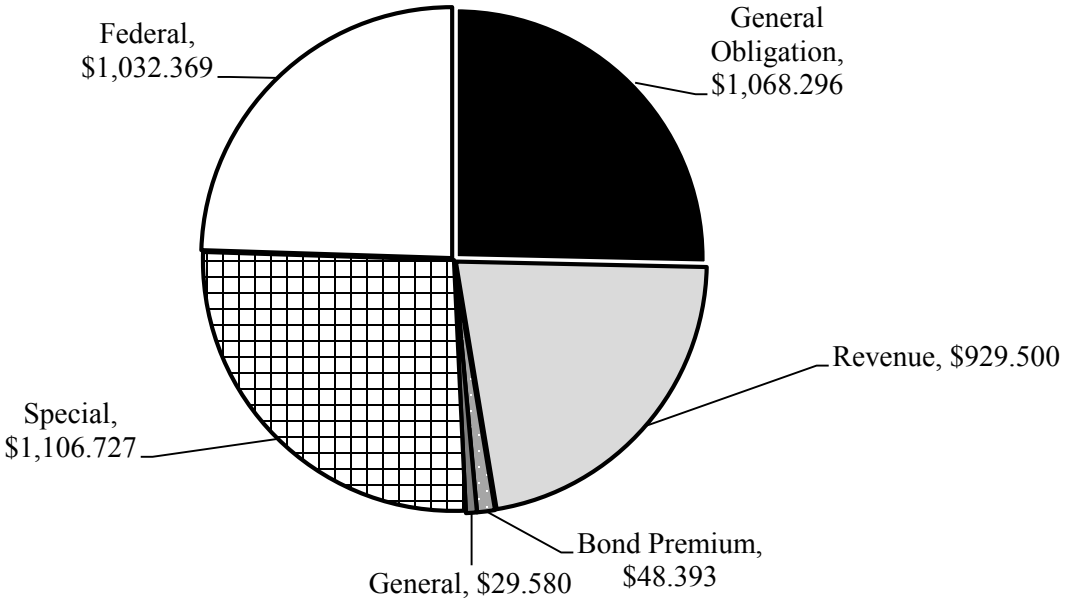


Exhibit A-2.2
Capital Program Summary for the 2015 Session
($ in Millions)

	Bond			Current Funds (PAYGO)			
Function	**GO**	**Revenue**	**Bond Premium**	**General**	**Special**	**Federal**	**Total**
State Facilities							**$83.3**
Facilities Renewal	$11.1	$0.0	$0.0	$0.0	$0.0	$0.0	
State Facilities – Other	34.1	0.0	0.0	0.1	0.0	38.0	
Health/Social							**$59.9**
Health – Other	10.8	0.0	0.0	0.0	0.0	0.0	
Private Hospitals	47.1	0.0	0.0	2.0	0.0	0.0	
Environment							**$432.5**
Agriculture	2.0	0.0	17.0	0.0	10.0	0.0	
Energy	0.0	0.0	0.0	0.0	3.0	1.2	
Environment	43.6	0.0	0.0	0.7	193.3	44.9	
MD Env. Services	16.5	0.0	0.0	0.0	0.0	0.0	
Natural Resources	51.5	0.0	31.4	0.0	13.9	3.6	
Public Safety							**$34.4**
Local Jails	0.8	0.0	0.0	0.0	0.0	0.0	
State Corrections	31.5	0.0	0.0	0.0	0.0	0.0	
State Police	2.1	0.0	0.0	0.0	0.0	0.0	
Education							**$336.1**
Education – Other	21.9	0.0	0.0	0.0	0.0	0.0	
School Construction	314.2	0.0	0.0	0.0	0.0	0.0	
Higher Education							**$438.1**
Community Colleges	54.9	0.0	0.0	0.0	0.0	0.0	
Morgan State University	35.6	0.0	0.0	0.0	0.0	0.0	
Private Colleges/Universities	9.6	0.0	0.0	0.0	0.0	0.0	
St. Mary's College of MD	10.5	0.0	0.0	0.0	0.0	0.0	
University System	272.9	54.5	0.0	0.0	0.0	0.0	
Housing/Community Development							**$122.5**
Housing	48.2	0.0	0.0	15.0	32.1	16.7	
Housing Other	1.3	0.0	0.0	9.0	0.3	0.0	
Local Projects							**$51.0**
Project Administration	23.0	0.0	0.0	0.0	0.0	0.0	
Project Legislative	25.2	0.0	0.0	2.8	0.0	0.0	
De-authorizations							**-$18.7**
De-authorizations	-9.4	0.0	0.0	0.0	0.0	0.0	
De-authorizations – Other	-9.3	0.0	0.0	0.0	0.0	0.0	
Total	**$1,049.6**	**$54.5**	**$48.4**	**$29.6**	**$252.5**	**$104.4**	**$1,539.0**
Fiscal 2015 Deficiencies	**$0.0**	**$0.0**	**$0.0**	**-$0.9**	**-$7.1**	**$0.7**	**-$7.3**
Transportation CTP	**$0.0**	**$875.0**	**$0.0**	**$0.0**	**$854.2**	**$928.0**	**$2,657.2**
Grand Total	**$1,049.6**	**$929.5**	**$48.4**	**$28.7**	**$1,099.6**	**$1,033.1**	**$4,188.9**

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

Exhibit A-2.3
Capital Program for the 2015 Session

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	State Facilities							
D55P04A	DVA: Rocky Gap Veterans Cemetery Burial Expansion	$0	$0	$0	$80,000	$0	$3,811,000	$3,891,000
DA0201A	MDOD: Accessibility Modifications	1,600,000	0	0	0	0	0	1,600,000
DE0201A	BPW: Construction Contingency Fund	2,500,000	0	0	0	0	0	2,500,000
DE0201B	BPW: Facilities Renewal Program	8,555,000	0	0	0	0	0	8,555,000
DE0201C	BPW: State House Complex Historic Repairs	250,000	0	0	0	0	0	250,000
DH0104A	MD: Freedom Readiness Center	1,300,000	0	0	0	0	0	1,300,000
DH0104B	MD: Havre de Grace Readiness Center	625,000	0	0	0	0	12,400,000	13,025,000
DH0104C	MD: Easton Readiness Center	0	0	0	0	0	13,800,000	13,800,000
DH0104D	MD: Havre de Grace Combined Support Maintenance Shop Automotive Center	0	0	0	0	0	8,000,000	8,000,000
FB04A	DoIT: Public Safety Communication System	29,950,000	0	0	0	0	0	29,950,000
RP0005A	MPBC: Broadcasting Transmission Systems Replacement	400,000	0	0	0	0	0	400,000
	Subject Category Subtotal	***$45,180,000***	***$0***	***$0***	***$80,000***	***$0***	***$38,011,000***	***$83,271,000***

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	Health/Social							
DA07A	MDOA: Senior Centers Grant Program	$1,012,000	$0	$0	$0	$0	$0	$1,012,000
DE0202	BPW: Sinai Hospital Infrastructure Improvements	0	0	0	2,000,000	0	0	2,000,000
MA01A	DHMH: Community Health Facilities Grant Program	5,263,000	0	0	0	0	0	5,263,000
MA01B	DHMH: Federally Qualified Health Centers	371,000	0	0	0	0	0	371,000
RQ00A	UMMS: NICU and Labor and Delivery Suite Renovation	6,000,000	0	0	0	0	0	6,000,000
RQ00B	UMMS: R Adams Cowley Shock Trauma Center – Phase II	5,500,000	0	0	0	0	0	5,500,000
VE01A	DJS: Cheltenham Youth Facility	1,631,000	0	0	0	0	0	1,631,000
VE01B	DJS: New Female Detention Center	2,525,000	0	0	0	0	0	2,525,000
ZA00S	MISC: Kennedy Krieger Institute	2,000,000	0	0	0	0	0	2,000,000
ZA00O	MISC: Prince George's Hospital System	30,000,000	0	0	0	0	0	30,000,000
ZA01A	MISC: Adventist Behavioral Health Potomac Unit Renovations	334,000	0	0	0	0	0	334,000
ZA01B	MISC: Doctors Community Hospital Crescent Cities Center Renovation	380,000	0	0	0	0	0	380,000
ZA01C	MISC: Mercy Medical Center	1,900,000	0	0	0	0	0	1,900,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bond Premium	Current Funds (PAYGO): General	Special	Federal	Total Funds
ZA01D	MISC: University of Maryland Medical Center Midtown Campus Renal Dialysis Unit	750,000	0	0	0	0	0	750,000
ZA01E	MISC: Washington Adventist Hospital Center for Advanced Care	248,000	0	0	0	0	0	248,000
	Subject Category Subtotal	***$57,914,000***	***$0***	***$0***	***$2,000,000***	***$0***	***$0***	***$59,914,000***
	Environment							
DA131302	MEA: Jane E. Lawton Loan Program	$0	$0	$0	$0	$1,750,000	$0	$1,750,000
DA131303	MEA: State Agency Loan Program	0	0	0	0	1,200,000	1,200,000	2,400,000
KA05A	DNR: Community Parks and Playgrounds	5,000,000	0	0	0	0	0	5,000,000
KA05B	DNR: Critical Maintenance Projects	2,838,000	0	0	0	3,250,508	0	6,088,508
KA05C	DNR: Natural Resources Development Fund	5,284,821	0	0	0	1,947,000	0	7,231,821
KA05D	DNR: Ocean City Beach Maintenance	1,000,000	0	0	0	500,000	0	1,500,000
KA05E1	DNR: Program Open Space – Stateside	0	0	21,602,750	0	1,500,000	3,000,000	26,102,750
KA05E2	DNR: Program Open Space – Local	29,759,313	0	375,587	0	0	0	30,134,900
KA05F	DNR: Rural Legacy Program	0	0	9,370,500	0	711,649	0	10,082,149
KA1102A	DNR: Waterway Improvement Program	0	0	0	0	6,000,000	587,000	6,587,000
KA1701A	DNR: Oyster Restoration Program	7,600,000	0	0	0	0	0	7,600,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
LA11A	MDA: Maryland Agricultural Land Preservation Program	0	0	17,044,500	0	9,100,000	0	26,144,500
LA12A	MDA: Tobacco Transition Program	0	0	0	0	868,000	0	868,000
LA15A	MDA: Maryland Agricultural Cost-Share Program	2,000,000	0	0	0	0	0	2,000,000
UA0104	MDE: Hazardous Substance Cleanup Program	0	0	0	700,000	0	0	700,000
UA0111	MDE: Enhanced Nutrient Removal Program	0	0	0	0	80,000,000	0	80,000,000
UA0112	MDE: Septic System Upgrade Program	0	0	0	0	14,000,000	0	14,000,000
UA01A1	MDE: Biological Nutrient Removal Program	26,500,000	0	0	0	0	0	26,500,000
UA01A2	MDE: Supplemental Assistance Program	4,157,000	0	0	0	0	0	4,157,000
UA01B	MDE: Maryland Drinking Water Revolving Loan Fund	3,003,000	0	0	0	10,038,000	10,959,000	24,000,000
UA01C	MDE: Maryland Water Quality Revolving Loan Fund	6,782,000	0	0	0	89,308,000	33,910,000	130,000,000
UA01D	MDE: Mining Remediation Program	500,000	0	0	0	0	0	500,000
UA01E	MDE: Water Supply Financial Assistance Program	2,661,000	0	0	0	0	0	2,661,000
UB00A	MES: Infrastructure Improvement Fund	16,471,000	0	0	0	0	0	16,471,000
	Subject Category Subtotal	***$113,556,134***	***$0***	***$48,393,337***	***$700,000***	***$220,173,157***	***$49,656,000***	***$432,478,628***

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bonds: Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	Public Safety							
QR0202A	DPSCS: Housing Unit Windows and Steam Heating System	$1,405,000	$0	$0	$0	$0	$0	$1,405,000
QS0208A	DPSCS: Hot Water and Steam Systems Improvements	4,925,000	0	0	0	0	0	4,925,000
QS0209A	DPSCS: 560-bed Minimum Security Compound	3,495,000	0	0	0	0	0	3,495,000
QT0302A	DPSCS: New Youth Detention Center	21,630,000	0	0	0	0	0	21,630,000
WA01A	DSP: New Flight Training Facility	2,100,000	0	0	0	0	0	2,100,000
ZB02A	DPSCS: Montgomery County Pre-Release Center	280,000	0	0	0	0	0	280,000
ZB02B	DPSCS: Prince George's County Correctional Center	549,000	0	0	0	0	0	549,000
	Subject Category Subtotal	***$34,384,000***	***$0***	***$0***	***$0***	***$0***	***$0***	***$34,384,000***
	Education							
DE0202A	BPW: Public School Construction Program	280,000,000	0	0	0	0	0	280,000,000
DE0202B	BPW: Aging Schools Program	6,109,000	0	0	0	0	0	6,109,000
DE0202C	BPW: Capital Grant Program for Local School Systems with Significant Enrollment Growth	20,000,000	0	0	0	0	0	20,000,000
DE0202D	BPW: Non-Public Aging Schools Program	3,500,000	0	0	0	0	0	3,500,000
DE0202QZ	BPW: Qualified Zone Academy Bond Program	4,625,000	0	0	0	0	0	4,625,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
RA01A	MSDE: Public Library Capital Grant Program	5,000,000	0	0	0	0	0	5,000,000
RA01B	MSDE: State Library Resource Center	16,850,000	0	0	0	0	0	16,850,000
	Subject Category Subtotal	***$336,084,000***	***$0***	***$0***	***$0***	***$0***	***$0***	***$336,084,000***
	Higher Education							
RB21A	UMB: Health Sciences Research Facility III	$81,550,000	$0	$0	$0	$0	$0	$81,550,000
RB22A	UMCP: Campuswide Building System and Infrastructure Improvements	5,000,000	5,000,000	0	0	0	0	10,000,000
RB22B	UMCP: Edward St. John Learning and Teaching Center	65,650,000	0	0	0	0	0	65,650,000
RB22C	UMCP: Human Performance and Academic Research Facility	2,000,000	0	0	0	0	0	2,000,000
RB22D	UMCP: New Bioengineering Building	10,000,000	20,000,000	0	0	0	0	30,000,000
RB22E	UMCP: High Speed Data Computing Infrastructure Improvements	1,017,000	0	0	0	0	0	1,017,000
RB23A	BSU: New Natural Sciences Center	39,728,000	0	0	0	0	0	39,728,000
RB25A	UMES: New Engineering and Aviation Science Building	6,498,000	0	0	0	0	0	6,498,000
RB26A	FSU: Public Safety Facility	5,105,000	0	0	0	0	0	5,105,000
RB29A	SU: New Academic Commons	40,680,000	12,500,000	0	0	0	0	53,180,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
RB31A	UMBC: Interdisciplinary Life Sciences Building	6,000,000	0	0	0	0	0	6,000,000
RB34A	UMCES: New Environmental Sustainability Research Laboratory	4,531,000	0	0	0	0	0	4,531,000
RB36A	USMO: Shady Grove Educational Center – Biomedical Sciences and Engineering Education Building	4,716,000	0	0	0	0	0	4,716,000
RB36B	USMO: Capital Facilities Renewal Program	0	17,000,000	0	0	0	0	17,000,000
RB36C	USMO: Southern Maryland Regional Higher Education Center	450,000	0	0	0	0	0	450,000
RD00A	SMCM: Anne Arundel Hall Reconstruction	10,482,000	0	0	0	0	0	10,482,000
RI00A	MHEC: Community College Facilities Program	54,926,000	0	0	0	0	0	54,926,000
RM00A	MSU: Campuswide Utility Upgrades	4,613,000	0	0	0	0	0	4,613,000
RM00B	MSU: New Behavioral and Social Sciences Center	31,007,000	0	0	0	0	0	31,007,000
ZA00J	MICUA: Johns Hopkins University Bloomberg School of Public Health	3,200,000	0	0	0	0	0	3,200,000
ZA00K	MICUA: Notre Dame of Maryland University Gibbons Hall	3,200,000	0	0	0	0	0	3,200,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA00L	MICUA: Washington Adventist University Health Sciences Building	3,200,000	0	0	0	0	0	3,200,000
	Subject Category Subtotal	***$383,553,000***	***$54,500,000***	***$0***	***$0***	***$0***	***$0***	***$438,053,000***
	Housing/Community Development							
DW0108A	MDOP: St. Leonard's Creek Shoreline Erosion Control	$261,000	$0	$0	$0	$0	$0	$261,000
DW0110A	MDOP: African American Heritage Preservation Program	1,000,000	0	0	0	0	0	1,000,000
DW0110B	MDOP: Historical Trust Capital Revolving Loan Fund	0	0	0	0	300,000	0	300,000
DW0112	MDOP: Sustainable Communities Tax Credit	0	0	0	9,000,000	0	0	9,000,000
SA2402A	DHCD: Community Development Block Grant Program	0	0	0	0	0	10,000,000	10,000,000
SA24A	DHCD: Community Legacy Program	6,000,000	0	0	0	0	0	6,000,000
SA24B	DHCD: Neighborhood Business Development Program	3,500,000	0	0	0	1,050,000	0	4,550,000
SA24C	DHCD: Strategic Demolition Smart Growth Impact Fund	7,500,000	0	0	0	0	0	7,500,000
SA24D	DHCD: Baltimore Regional Neighborhood Demonstration Initiative	3,000,000	0	0	0	0	0	3,000,000
SA2514A	DHCD: MD-BRAC Preservation Loan Fund	0	0	0	0	3,500,000	0	3,500,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bonds: Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
SA25A	DHCD: Homeownership Programs	4,800,000	0	0	5,000,000	1,200,000	700,000	11,700,000
SA25B	DHCD: Partnership Rental Housing Program	6,000,000	0	0	0	0	0	6,000,000
SA25C	DHCD: Shelter and Transitional Housing Facilities Grant Program	1,500,000	0	0	0	0	0	1,500,000
SA25D	DHCD: Special Loan Program	5,850,000	0	0	0	1,550,000	3,000,000	10,400,000
SA25E	DHCD: Rental Housing Program	10,000,000	0	0	10,000,000	24,750,000	3,000,000	47,750,000
	Subject Category Subtotal	***$49,411,000***	***$0***	***$0***	***$24,000,000***	***$32,350,000***	***$16,700,000***	***$122,461,000***
	Local Projects							
DE0202	BPW: Prince George's County Athletic Fields	$0	$0	$0	$2,800,000	$0	$0	$2,800,000
DU0002	CPPDA: Footer Dye Works	1,150,000	0	0	0	0	0	1,150,000
ZA00A	MISC: Allegany Museum	475,000	0	0	0	0	0	475,000
ZA00B	MISC: Baltimore Museum of Art	1,000,000	0	0	0	0	0	1,000,000
ZA00C	MISC: Clarence H. "Du" Burns Memorial Statue	200,000	0	0	0	0	0	200,000
ZA00D	MISC: Cumberland-Washington Street Lighting Project	93,000	0	0	0	0	0	93,000
ZA00E	MISC: Downtown Partnership of Baltimore	1,000,000	0	0	0	0	0	1,000,000
ZA00F	MISC: East Baltimore Biotechnology Park	5,000,000	0	0	0	0	0	5,000,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA00G	MISC: Govans Ecumenical Development Corporation Stadium Place Development	500,000	0	0	0	0	0	500,000
ZA00H	MISC: Maryland Food Bank	3,500,000	0	0	0	0	0	3,500,000
ZA00I	MISC: Maryland Hall for the Creative Arts	2,000,000	0	0	0	0	0	2,000,000
ZA00M	MISC: Maryland Zoo in Baltimore Infrastructure Improvements	5,000,000	0	0	0	0	0	5,000,000
ZA00N	MISC: National Cyber Security Center of Excellence	2,000,000	0	0	0	0	0	2,000,000
ZA00P	MISC: Sports Legends Museum Renovations	250,000	0	0	0	0	0	250,000
ZA00Q	MISC: Strathmore Hall	1,000,000	0	0	0	0	0	1,000,000
ZA00R	MISC: Walters Art Museum	1,000,000	0	0	0	0	0	1,000,000
ZA00T	MISC: Niarchos Parkway Film Center	2,000,000	0	0	0	0	0	2,000,000
ZA00U	MISC: James Brice House	250,000	0	0	0	0	0	250,000
ZA00V	MISC: Camp Woodlands Restoration Project	250,000	0	0	0	0	0	250,000
ZA00W	MISC: Stabilization Center	3,600,000	0	0	0	0	0	3,600,000
ZA00X	MISC: National Center on Institutions and Alternatives Expansion Project	350,000	0	0	0	0	0	350,000
ZA00Y	MISC: Randallstown High School	500,000	0	0	0	0	0	500,000
ZA00Z	MISC: Ripken Stadium Infrastructure	500,000	0	0	0	0	0	500,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bonds: Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA00AA	MISC: Marlton Swim and Recreation Facility	75,000	0	0	0	0	0	75,000
ZA00AB	MISC: Calvert Soccer Association Fields	100,000	0	0	0	0	0	100,000
ZA00AC	MISC: The Writer's Center	250,000	0	0	0	0	0	250,000
ZA00AD	MISC: National Cryptological Museum Cyber Center of Education and Innovation	1,000,000	0	0	0	0	0	1,000,000
ZA00AE	MISC: Port Discovery Children's Museum	250,000	0	0	0	0	0	250,000
ZA00AF	MISC: Merriweather Post Pavilion Infrastructure Enhancements	2,000,000	0	0	0	0	0	2,000,000
ZA00AG	MISC: Mt. Calvary Softball Field	150,000	0	0	0	0	0	150,000
ZA00AH	MISC: Cornerstone Montgomery and Interfaith Works Project	150,000	0	0	0	0	0	150,000
ZA00AI	MISC: Highway and Street Improvements Baltimore County	1,000,000	0	0	0	0	0	1,000,000
ZA00AJ	MISC: Stadium Square Mixed-Use Project	500,000	0	0	0	0	0	500,000
ZA00AK	MISC: Baltimore Arts Realty Corp. Open Works Center for Advanced Fabrication Technologies Project	500,000	0	0	0	0	0	500,000
ZA00AL	MISC: Agricultural Research and Exposition Foundation	50,000	0	0	0	0	0	50,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA00AM	MISC: Allegany County Animal Shelter Adoption and Care Center	100,000	0	0	0	0	0	100,000
ZA00AN	MISC: Arthur Perdue Stadium	270,000	0	0	0	0	0	270,000
ZA00AO	MISC: Chesapeake Bay Maritime Museum	200,000	0	0	0	0	0	200,000
ZA02	MISC: Local House Initiatives	5,000,000	0	0	0	0	0	5,000,000
ZA03	MISC: Local Senate Initiatives	5,000,000	0	0	0	0	0	5,000,000
	Subject Category Subtotal	***$48,213,000***	***$0***	***$0***	***$2,800,000***	***$0***	***$0***	***$51,013,000***
	Current Year Non-transportation Total	**$1,068,295,134**	**$54,500,000**	**$48,393,337**	**$29,580,000**	**$252,523,157**	**$104,367,000**	**$1,557,658,628**
	Transportation CTP	**$0**	**$875,000,000**	**$0**	**$0**	**$854,204,000**	**$928,002,000**	**$2,657,206,366**
	Total Fiscal 2016	**$1,068,295,134**	**$929,500,000**	**$48,,393,337**	**$29,580,000**	**$1,106,727,523**	**$1,032,369,000**	**$4,214,864,994**
	De-authorizations							
ZF00	De-authorizations as Introduced	-$9,373,134	$0	$0	$0	$0	$0	-$9,373,134
ZF00A	Additional De-authorizations	-9,297,000	0	0	0	0	0	-9,297,000
	Subject Category Subtotal	***-$18,670,134***	***$0***	***$0***	***$0***	***$0***	***$0***	***-$18,670,134***
	Current Year Total	**$1,049,625,000**	**$54,500,000**	**$48,393,337**	**$29,580,000**	**$252,523,157**	**$104,367,000**	**$1,538,988,494**
	Fiscal 2015 Deficiencies							
KA05D	DNR: Ocean City Beach Maintenance	$0	$0	$0	$0	-$500,000	$0	-$500,000
KA05C	DNR: Natural Resources Development Fund	0	0	0	0	-4,535,821	723,700	-3,812,121

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Bonds: Bond Premium	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Current Funds (PAYGO): Total Funds
KA05B	DNR: Critical Maintenance Projects	0	0	0	0	-2,088,000	0	-2,088,000
DW0112	MDOP: Sustainable Communities Tax Credit	0	0	0	-1,000,000	0	0	-1,000,000
D55P04D1	DVA: Eastern Shore Veterans Cemetery	0	0	0	45,000	0	0	45,000
	Subject Category Subtotal	**0**	**0**	**0**	**-955,000**	**-7,123,821**	**723,700**	**-7,355,121**
	Adjusted Total	**$1,049,625,000**	**$929,500,000**	**$48,393,337**	**$28,625,000**	**$1,099,603,702**	**$1,033,092,700**	**$4,188,839,739**

BPW: Board of Public Works
BRAC: Base realignment and closure
BSU: Bowie State University
CPPDA: Canal Place Preservation and Development Authority
CTP: *Consolidated Transportation Program*
DHCD: Department of Housing and Community Development
DHMH: Department of Health and Mental Hygiene
DJS: Department of Juvenile Services
DNR: Department of Natural Resources
DPSCS: Department of Public Safety and Correctional Services
DoIT: Department of Information Technology
DSP: Department of State Police
DVA: Department of Veteran Affairs
FSU: Frostburg State University
MD: Military Department
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
NICU: neonatal intensive care unit
PAYGO: pay-as-you-go
SMCM: St. Mary's College of Maryland
SU: Salisbury University
UMB: University of Maryland, Baltimore
UMBC: University of Maryland Baltimore County
UMCES: University of Maryland Center for Environmental Science
UMCP: University of Maryland, College Park
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 – 2015 Session

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Allegany					
Allegany County Animal Shelter Adoption and Care Center		$50,000	$100,000	$150,000	Soft (1, 3)
Subtotal				***$50,000***	
Anne Arundel					
Broadneck High School Field House	$150,000	$60,000		$210,000	Hard
Camp Woodlands Restoration Project			$250,000	250,000	Soft (all)
Chesapeake Arts Center	75,000	75,000		150,000	Grant
Glen Burnie Masonic Lodge 213	75,000	75,000		150,000	Soft (all)
Harambee House Community Outreach Center	75,000	50,000		125,000	Soft (1)
James Brice House			250,000	250,000	Hard
Pasadena Baseball Club	50,000			50,000	Hard
Samaritan House		100,000		100,000	Soft (all)
Southern High School Athletic Improvements		20,000		20,000	Hard
Subtotal				***$1,305,000***	
Baltimore City					
Alpha Phi Alpha Corporate Headquarters	$50,000			$50,000	Soft (all)
Banner Neighborhoods Community Center	75,000			75,000	Soft (all)
Blessed Sacrament Supportive Housing		$75,000		75,000	Soft (all)

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Cherry Hill Early Head Start		50,000		50,000	Soft (all)
Economic Empowerment Community Center	50,000	50,000		100,000	Soft (all)
Elder Abuse Shelter and Office	50,000			50,000	Soft (2, 3)
Habitat for Humanity of the Chesapeake	50,000	50,000		100,000	Hard
In For Of Building Renovation		50,000		50,000	Grant
League for People with Disabilities Building Expansion		100,000		100,000	Grant
Liberty Elementary Early Childhood Center		45,000		45,000	Soft (all)
Men and Families Center	150,000	100,000		250,000	Soft (all)
Moveable Feast	100,000	75,000		175,000	Hard
Multi-Family Low-Income Housing Project	50,000			50,000	Soft (2)
New City of Hope Community Center	100,000			100,000	Soft (all)
Niarchos Parkway Film Center			$1,500,000	1,500,000	Soft (2, 3)
North Avenue Gateway II		25,000		25,000	Hard
Orianda Mansion Preservation	160,000	40,000		200,000	Soft (2, 3)
Pigtown Facade Restoration		25,000		25,000	Soft (2)
Port Discovery Children's Museum Renovation Project			250,000	250,000	Soft (2, 3)
St. Elizabeth School Indoor Playground	125,000			125,000	Soft (all)
TuTTie's Place		40,000		40,000	Soft (all)
Subtotal				***$3,435,000***	
Baltimore					
Angel Park	$100,000	$100,000		$200,000	Hard
Gilead House Renovation	40,000	25,000		65,000	Hard
Good Shepherd Boys Unit Renovation	25,000	75,000		100,000	Hard

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Greenspring Montessori Method Training Center	75,000			75,000	Hard
Lake Roland Education Center	125,000	75,000		200,000	Hard
Lutherville Volunteer Fire Company Station Expansion		125,000		125,000	Hard
National Center on Institutions and Alternatives Expansion Project		100,000	$350,000	450,000	Hard
Pikesville Volunteer Fire Company Building	200,000	50,000		250,000	Soft (2)
White Marsh Volunteer Fire Company		150,000		150,000	Hard
Subtotal				***$1,615,000***	
Calvert					
Town of North Beach Flood Mitigation Project		$50,000		$50,000	Hard
Subtotal				***$50,000***	
Carroll					
The Arc of Carroll County Building Renovation	$75,000	$75,000		$150,000	Soft (2)
Subtotal				***$150,000***	
Cecil					
Cecil County Farm Museum	$25,000			$25,000	Hard
Subtotal				***$25,000***	
Charles					
Benedict Volunteer Fire Department and Rescue Squad and Auxiliary Facility	$150,000	$150,000		$300,000	Grant
Lions Camp Merrick Septic System		150,000		150,000	Soft (1)

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Southern Maryland Carousel	150,000			150,000	Soft (1)
Subtotal				***$600,000***	
Dorchester					
Chesapeake Grove Senior Housing and Intergenerational Center	$50,000	$50,000		$100,000	Soft (1)
Subtotal				***$100,000***	
Frederick					
Culler Lake Stormwater Management Project	$60,000	$40,000		$100,000	Soft (2)
Northwest Trek Conservation and Education Center		50,000		50,000	Soft (2, 3)
Weinberg Center HVAC Project	40,000	60,000		100,000	Soft (3)
Subtotal				***$250,000***	
Garrett					
Emergency Operations Center		$50,000		$50,000	Hard
Subtotal				***$50,000***	
Harford					
Agricultural Research and Exposition Foundation		$100,000	$50,000	$150,000	Grant
Ladew Topiary Gardens	$100,000			100,000	Hard
Regional Fire and Rescue Boat	100,000			100,000	Soft (all)
Subtotal				***$300,000***	
Howard					
Community Action Council Food Bank Facility	$200,000	$90,000		$290,000	Hard

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Environmental Education Center Renovation and Expansion	71,000	179,000		250,000	Soft (all)
Howard County Historical Society Roof Repair		35,000		35,000	Hard
Subtotal				***$575,000***	
Montgomery					
Anne L. Bronfman Center and Misler Adult Day Center		$75,000		$75,000	Hard
Bethesda Graceful Growing Together Community Center	$50,000	100,000		150,000	Hard
Blair Regional Park Scoreboards		25,000		25,000	Hard
Brooke Grove Rehabilitation and Nursing Center	150,000			150,000	Hard
Cornerstone Montgomery and Interfaith Works Project	50,000	150,000	$150,000	350,000	Hard
Damascus Volunteer Fire Department	50,000	50,000		100,000	Hard
Early Literacy Center	100,000			100,000	Hard
F. Scott Fitzgerald Theatre and Social Hall	100,000	75,000		175,000	Hard
Four Corners Community Outreach Site		100,000		100,000	Soft (2)
Inter-Generational Center Expansion	100,000			100,000	Hard
Jewish Foundation for Group Homes Renovations	75,000	25,000		100,000	Soft (all)
Josiah Henson Park	100,000			100,000	Soft (1)
Jubilee Association of Maryland Community Center	100,000	100,000		200,000	Hard
Melvin J. Berman Hebrew Academy		25,000		25,000	Soft (U, all)
Olney Manor Dog Park		50,000		50,000	Soft (all)

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Potomac Community Resources Home	50,000	100,000		150,000	Soft (1)
Silver Spring Learning Center Expansion		100,000		100,000	Hard
The Writer's Center	60,000		250,000	310,000	Hard
Subtotal				***$2,360,000***	
Prince George's					
Bladensburg Road Economic Development Project		$50,000		$50,000	Hard
Bowie Senior Center	$100,000			100,000	Soft (all)
Champ House		100,000		100,000	Grant
Crossland High School		75,000		75,000	Soft (2, 3)
Elizabeth Seton High School Library Renovation		25,000		25,000	Hard
Family Life and Wellness Intergenerational Center	200,000			200,000	Soft (1)
Greenbelt Lake Dam Repair	135,000	150,000		285,000	Soft (U,3)
Knights of St. John Hall	109,000	26,000		135,000	Grant
Landover Hills Town Hall		50,000		50,000	Hard
Mt. Calvary Softball Field			$150,000	150,000	Soft (all)
Park Berkshire Neighborhood Park	100,000	150,000		250,000	Hard
Susan D. Mona Center		100,000		100,000	Grant
The New Beginnings Community Development Computer Lab Project		15,000		15,000	Soft (U, all)
Town of Capitol Heights Public Works Modular Home	100,000			100,000	Hard
Subtotal				***$1,635,000***	

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Talbot					
Chesapeake Bay Maritime Museum		$50,000		$50,000	Hard
Phillips Wharf Aquaculture Jobs Training Center	$50,000			50,000	Soft (1)
Subtotal				***$100,000***	
Washington					
Cushwa Basin Area	$50,000	$50,000		$100,000	Soft (2)
The Maryland Theatre	50,000	125,000		175,000	Soft (all)
Subtotal				***$275,000***	
Wicomico					
Tri-County Council Multi-Purpose Center	$50,000	$50,000		$100,000	Hard
Subtotal				***$100,000***	
Worcester					
Delmarva Discovery Center and Museum	$100,000	$75,000		$175,000	Soft (1, 3)
Subtotal				***$175,000***	Soft (1, 3)
Grand Total				**$13,150,000**	

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, which are used primarily to support housing and environmental programs. Excluding transportation funding, the capital program uses $29.6 million of general funds, $252.5 million of special funds, and $104.4 million of federal funds. Total transportation PAYGO funding is $1.78 billion of special and federal funds. The use of PAYGO funds is generally restricted to capital grant and loan programs for which the use of tax-exempt debt is limited under federal tax guidelines, programs that are administered through the use of special nonlapsing funds for which revenue from principal and interest payments are used to support additional appropriations and in instances where federal funds assist in the capitalization of State revolving grant and loan fund programs. The more recent fiscal situation continues to constrain the PAYGO general fund support for the capital program. The fiscal 2016 capital program uses $29.6 million of PAYGO general funds of which $15.0 million was reprogrammed to support Department of Housing and Community Development programs that would replace GO bonds that would have to be sold as taxable instead of tax-exempt bonds due to federal private activity restrictions. Another $9.0 million of general funds supports the Sustainable Communities Tax Credit Program, and the remaining general funds are used to support local projects including $2.0 million as a grant to Sinai Hospital for infrastructure improvements and $2.8 million to fund athletic fields at selected high schools in Prince George's County.

Bond Premiums

The MCCBL of 2015 also authorizes the use of $48.4 million of bond premium proceeds. This is comprised of $18.4 million of fiscal 2015 bond premiums realized in the March 2015 bond sale and another $30.0 million of estimated premiums from the sale of GO bonds in fiscal 2016. The MCCBL of 2015 uses the premiums to support POS, Rural Legacy, and the Maryland Agricultural Land Preservation Program.

Transfers and PAYGO Funding

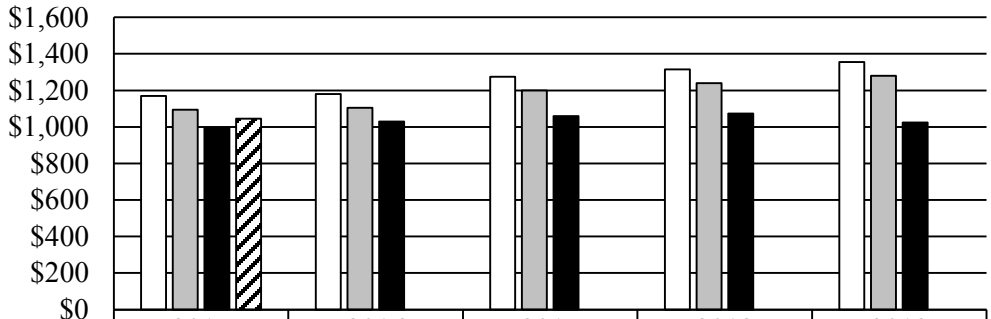
The GO bond program and bond premiums are used to partially replace $78.2 million transferred and diverted from capital programs supported with State transfer tax revenues. However, the long-term plan put forth by the Governor effectively eliminates future bond replacement for transfers that have been made in prior year Budget Reconciliation and Financing Acts (BRFA). Although, as introduced, the budget included $30.0 million of general fund PAYGO to support the Public School Construction Program, the budget passed by the General Assembly uses $15.0 million of these funds for the Department of Housing and Community Development capital programs to replace GO bonds that would require the issuance of taxable debt, and another $4.8 million for additional local capital projects. The remaining $10.2 million is fenced off in the operating budget as part of Section 48.

Debt Affordability

In October 2014, the Capital Debt Affordability Committee (CDAC) recommended that a maximum of $1,170.0 million in GO bonds may be authorized in the 2015 session. CDAC also recommended that an additional $300.0 million be added to the GO bond authorization over the next four years of the *Capital Improvement Program* (CIP) primarily to fund the State transportation Watershed Implementation Plan obligations and other projects accelerated by the General Assembly during the 2014 session. However, the Board of Revenue Estimates revenue write-down in December 2014 made the levels of debt proposed by CDAC no longer affordable within the limits. Projections indicated that debt service payments would exceed the 8% debt service to revenue limit by fiscal 2018 were the CDAC recommendations adopted. To avoid this, the Spending Affordability Committee (SAC) recommended that new GO bond authorizations for the 2015 session remain at the $1.095 billion level programmed in the 2014 CIP for the 2015 session. SAC further recommended that the 2015 session CIP not incorporate the $300.0 million increase over the remaining four years of the CIP. The Treasurer also weighed in on the impact of the revenue write-down on debt affordability and recommended that the GO bond debt not exceed $1.045 billion in the 2015 session to remain within the debt affordability limits. The Governor's capital budget proposed a new GO bond authorization of $994.6 million and the MCCBL of 2015 passed by the General Assembly provides $1.045 billion, keeping the State within the debt affordability limits. **Exhibit A-2.5** illustrates the different recommended new GO authorization levels and the final amount included in the MCCBL of 2015.

The MCCBL of 2015 passed by the General Assembly totals $1.045 billion of new GO debt authorizations, which is $50 million below the SAC recommendation. An additional $18.7 million in GO bonds from prior years is de-authorized in the 2015 capital budget, thereby increasing the amount of new GO debt included in the capital program to $1.064 billion. Included in the $1.064 billion of new debt is $377.3 million authorized in the MCCBL of 2015 to complete the funding for various projects that were split-funded over fiscal 2014 through 2016 to allow the projects to be bid and construction to commence without having to authorize the full amount of construction funding needed to complete a project.

Exhibit A-2.5
New General Obligation Bond Authorization Levels
Capital Debt Affordability Committee – Spending Affordability Committee –
Capital Improvement Program
2015-2019 Legislative Sessions
($ in Millions)



	2015 Session	2016 Session	2017 Session	2018 Session	2019 Session
□ CDAC October 2014	$1,170.0	$1,180.0	$1,275.0	$1,315.0	$1,355.0
▒ SAC 2014	$1,095.0	$1,105.0	$1,200.0	$1,240.0	$1,280.0
■ Governor's CIP 2015	$994.6	$1,029.0	$1,059.0	$1,074.0	$1,025.0
▨ Final Authorization	$1,045.0				

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

The State's capital program for fiscal 2016 also includes other actions that affect debt affordability, debt issuance, and future capital budgets.

- The MCCBL of 2015 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 2015 includes $328.1 million of GO bond authorizations that will not take effect until fiscal 2017, $271.0 million that will not take effect until fiscal 2018, and $57.9 million that will not take effect until fiscal 2019. These pre-authorizations either continue the funding for existing construction contracts or allow projects expected to be contracted during fiscal 2016 through 2019 to proceed without the full amount of the construction authorization provided in the fiscal 2016 budget. **Exhibit 2.6** shows the pre-authorizations for the 2016 through 2018 sessions.

- ***House Bill 1182*** authorizes the issuance of $54.5 million of academic facilities bonds by USM for fiscal 2016. As introduced, the bill would have authorized $34.5 million in academic debt, but the bill was amended to provide an additional $20.0 million in fiscal 2016 to support the overall funding plan for the New Bioengineering Building at the University of Maryland, College Park. Language added to the bill expresses the intent that the additional $20.0 million authorized in the 2015 session will be deducted from the 2016 and 2017 session authorizations by $10.0 million each, thereby keeping the total amount of ARB authorizations for the five-year CIP planning level consistent with what is currently programmed in the 2015 session CIP. This level of issuance will result in a debt service ratio within the 4.5% of current unrestricted funds and the mandatory transfers criterion recommended by the system's financial advisers.

- ***House Bill 110*** authorizes the State to issue $4.625 million in QZABs. Although the bonds are issued as full faith and credit debt, the authorizations are not counted within the GO bond authorization debt limits. The proceeds are used by the Interagency Committee on School Construction and the Maryland State Department of Education for the renovation, repair, and capital improvements of qualified zone academies, including public charter schools, as defined by the federal Internal Revenue Code. Qualified zone academies must either by located in a federal Enterprise or Empowerment Zone or have at least 35% of their student population on free or reduced-price meals.

Exhibit 2.6

Pre-authorizations Included in the Maryland Consolidated Capital Bond Loan

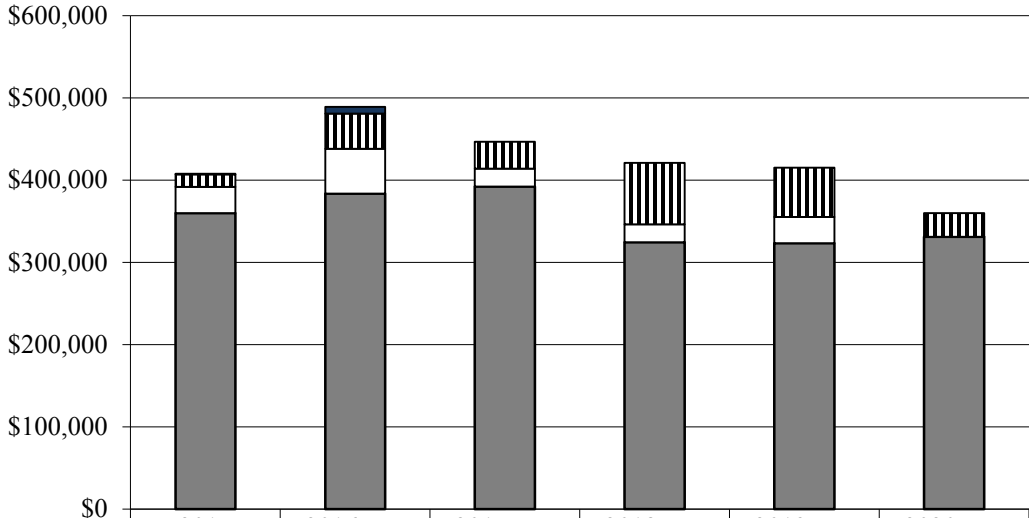
2016-2018 Sessions

Project Title	2016 Session Fiscal 2017	2017 Session Fiscal 2018	2018 Session Fiscal 2019
Board of Public Works Sarasota State Center – Garage Improvements	$2,225,000		
Military Department – Combined Support Maintenance Shop Automotive Maintenance Facility	1,650,000	$1,000,000	
Military Department – Easton Readiness Center	2,000,000	1,500,000	
Military Department – Havre de Grace Readiness Center	4,100,000		
Department of Natural Resources – Bloede Dam	1,000,000		
Department of Public Safety and Correctional Services – Hot Water and Steam System Improvement Eastern Correctional Institute	2,000,000		
Department of Public Safety and Correctional Services – New Youth Detention Center	3,300,000		
Maryland State Department of Education – State Library Resource Center	23,200,000	23,200,000	$14,550,000
University of Maryland, Baltimore – Health Sciences Research Facility III	70,500,000	2,000,000	
University of Maryland, College Park – Brendan Iribe Center for Computer Science and Innovation	27,000,000	67,500,000	
University of Maryland, College Park – Edward St. John Learning and Teaching Center	500,000		
University of Maryland, College Park – New Bioengineering Building	45,350,000	54,100,000	
Bowie State University – New Natural Sciences Center	28,250,000		
Coppin State University – Percy Julian Science Renovation	3,400,000		
University of Maryland, Baltimore County – Interdisciplinary Life Sciences Building		53,000,000	43,000,000
University of Maryland, System Office – Shady Grove Educational Center	72,000,000	56,050,000	
Maryland Higher Education Commission – Community College Facilities Grant Program	50,945,000	8,288,000	
Morgan State University – New Behavioral and Social Sciences Building	30,150,000		
Maryland Environmental Service – Infrastructure Improvement Fund	14,058,000	4,366,000	403,000
Miscellaneous Grant Program – Angel's Watch Shelter	500,000		
Total	**$382,128,000**	**$271,004,000**	**$57,953,000**

Higher Education

The State-funded portion of the fiscal 2016 capital program for all segments of higher education is $438.0 million, including GO bonds, ARBs, and recycled funds. Another $8.1 million of restricted funds provides additional funding for community college projects. Of the total funding, four-year public institutions receive $373.5 million, and independent colleges receive $9.6 million. Community colleges receive $55.0 million in fiscal 2016. The CIP, after legislative changes to the fiscal 2016 capital budget, shows $1,928 billion in State capital spending for higher education projects from fiscal 2016 through 2020 of all funds. **Exhibit A-2.7** shows the fiscal 2015 and 2016 legislative appropriation for higher education capital projects and the funds anticipated in the CIP for fiscal 2017 through 2020. **Exhibit A-2.8** shows the fiscal 2016 capital funding by institution.

Exhibit 2.7
Higher Education Authorized and Planned Out-year Capital Funding
Fiscal 2015-2020 Est.
($ in Thousands)



	2015	2016 Est.	2017 Est.	2018 Est.	2019 Est.	2020 Est.
Recycled Funds	$1,000	$8,100	$0	$0	$0	$0
Nonbudgeted Funds	15,000	42,906	32,600	74,650	59,900	29,000
Academic Revenue Bonds	32,000	54,500	22,000	22,000	32,000	34,500
GO Bonds	359,936	383,598	392,300	324,600	323,335	331,150

GO: general obligation

Exhibit 2.8
Fiscal 2016 Higher Education Capital Funding by Institution
($ in Thousands)

Institution	Capital Funding
University of Maryland, Baltimore	$81,550
University of Maryland, College Park	108,667
Bowie State University	39,728
University of Maryland Eastern Shore	6,498
Frostburg State University	5,105
Salisbury University	53,100
University of Maryland Baltimore County	6,000
University of Maryland Center for Environmental Science	4,531
University System of Maryland – Facility Renewal	17,000
University System of Maryland – Regional Higher Education Centers	5,166
Morgan State University	35,620
Independent Colleges	9,600
Community Colleges	54,926
St. Mary's College of Maryland	10,482
Total	**$438,053**

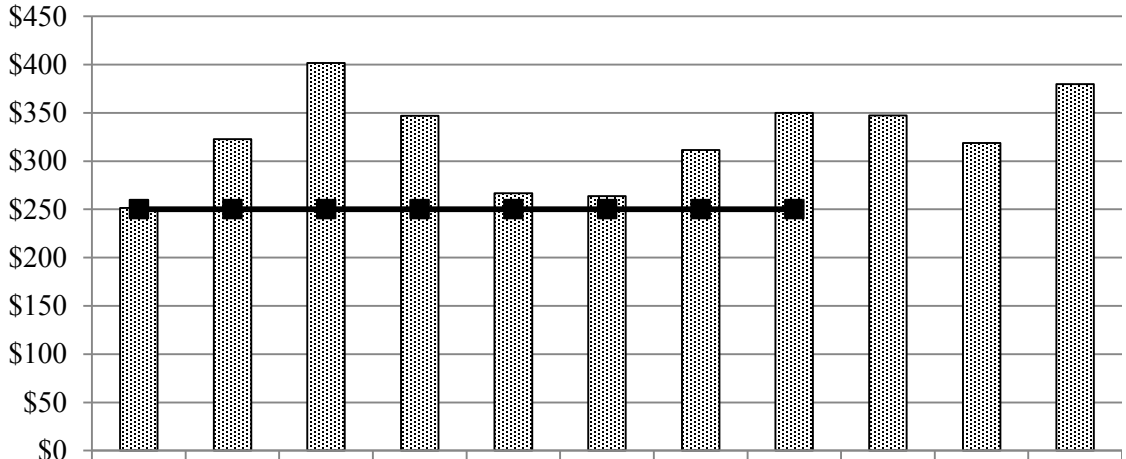
Note: Excludes nonbudgeted funds.

School Construction

The fiscal 2016 capital budget includes $300.0 million in GO bonds for public school construction. This includes $280.0 million for the traditional Public School Construction Program and an additional $20.0 million for local school systems with significant enrollment growth or relocatable classrooms. ***House Bill 923 (passed)*** establishes 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. Currently, Anne Arundel, Baltimore, Howard, Montgomery, and Prince George's counties are eligible with Dorchester County expected to become eligible in fiscal 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. Although the mandated appropriation does not take effect until fiscal 2017, the General Assembly accelerated the start of the program to fiscal 2016 by adding a $20.0 million line-item in the capital budget for this initiative. An additional $28.6 million in

unexpended funds from prior years is available from the Statewide Contingency Fund, of which $28.2 million is reserved for specific local school systems and $0.4 million remains unreserved. As shown in **Exhibit A-2.9**, 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. Between fiscal 2006 and 2016, the State has invested $3.484 billion for school construction projects throughout the State.

Exhibit A-2.9
Public School Construction Funding
Fiscal 2006-2016
($ in Millions)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Allocated	$251.6	$322.7	$401.8	$347.0	$266.6	$263.7	$311.6	$350.0	$347.3	$318.8	$380.0
Goal	$250.0	$250.0	$250.0	$250.0	$250.0	$250.0	$250.0	$250.0			

Note: Figures include new general obligation bonds, pay-as-you-go 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 2005-2016

Aging Schools and Qualified Zone Academy Bond Programs

The Aging Schools Program is funded with GO bond funds in fiscal 2016. The capital budget as passed by the General Assembly includes $6.1 million in GO bonds allocated as grants to county boards of education as specified in § 5-206 of the Education Article.

The fiscal 2016 capital budget also provides $3.5 million 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 $4.625 million of QZABs authorized in House Bill 110. QZABs may be used in schools located in federal Enterprise or Empowerment Zones or in schools in which 35% of the student population qualifies for free or reduced-price meals. QZAB funds are distributed to local school systems through competitive grants including grants to the Breakthrough Center and public charter schools.

Transfer Tax

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 transfers $479.8 million of transfer tax revenue to the general fund over five years, beginning with fiscal 2014. For fiscal 2014, 67% of the capital-eligible transfer tax allocations for land preservation programs and 100% of the capital-eligible transfer tax allocation for capital development programs were transferred to the general fund with bond replacement for land preservation programs scheduled in fiscal 2015 and 2016. For fiscal 2015 through 2018, the transfer amounts estimated to be 50% of the capital-eligible transfer tax allocation with replacement funds using GO bonds pre-authorized in future capital budgets.

Under of the BRFA of 2015, the Governor modified the fiscal 2016 transfer tax transfer and transferred an additional $37.7 million. However, unlike previous years, neither the $37.7 million transferred in fiscal 2016 nor the remaining replacements planned for fiscal 2017 through 2020 are provided in the capital budget bill. The Governor's budget did provide $66.2 million of GO bonds to fund the programs impacted by transfers but made no connection to these funds as transfer replacement funds. The General Assembly increased the amount of funding for expected programs to $87.3 million using GO bonds and bond premiums. Future budgets break the link of transfers and replacement funding. The General Assembly concurred with the modified transfer and the elimination of the pre-authorized replacement plan. The $37.7 million in additional fiscal 2016 revenues are attributable to $27.9 million in the Department of Natural Resources including POS – State share ($8.8 million), POS – Local share ($12.9 million), and Rural Legacy Program ($6.2 million); and $9.8 million in Maryland Agricultural Land Preservation Program funding.

Exhibit A-2.10 shows the fiscal 2016 allocation of funding for programs traditionally funded with transfer tax revenue. Program funding is distinguished between new funding and replacement funding; the replacement funding also reflects the use of bond premiums as authorized in Section 15 of the MCCBL of 2015. The replacement funding reflects three actions as follows:

Exhibit A-2.10
Programs Traditionally Funded with Transfer Tax Revenue
Fiscal 2016
($ in Millions)

	Transfer Tax Special Funds	Other Special Funds	Federal	GO Bonds	Bond Premiums	Total
Department of Natural Resources						
Program Open Space						
State – New[1]	$1,500	$0	$3,000	$0	$0	$4,500
State – Replacement[2]	0	0	0	0	121,603	
Local – Replacement [3]	0	0	0	29,759	376	30,135
Capital Development – New[4]	5,198	0	0	1,999	0	7,197
Capital Development – Replacement[5]	0	0	0	7,124	0	7,124
Rural Legacy Program – Replacement[6]	712	0	0	0	9,371	10,082
Heritage Conservation Fund	0	0	0	0	0	0
Department of Agriculture						
Agricultural Land Preservation – New[7]	0	9,100	0	0	0	9,100
Agricultural Land Preservation – Replacement [8]	0	0	0	0	17,045	17,045
Total	**$7,409**	**$9,100**	**$3,000**	**$38,882**	**$48,393**	**$106,785**

GO: general obligation

[1] The Program Open Space (POS) – State – New reflects $1.5 million in special funds for the Baltimore City Direct Grant and $3.0 million in federal funds.
[2] The POS – State – Replacement reflects $21.6 million in bond premiums authorized in Section 15 of the Maryland Consolidated Capital Bond Loan (MCCBL) of 2015. This funding reflects the equitable replacement across land acquisition and easement purchase capital programs of 75% of 2014 session pre-authorized replacement funding.
[3] The POS – Local – Replacement reflects $29.8 million in GO bond authorization and $0.4 million in bond premiums. The combined $30.1 million reflects $8.2 million to backfill the POS – Local fiscal 2015 unencumbered balance transferred to the general fund in fiscal 2015 and $22.0 million for the equitable funding of 75% of 2014 session pre-authorized replacement funding for the land purchase and easement acquisition capital programs in fiscal 2016.
[4] The Capital Development – New reflects $5.2 million in transfer tax special funds, which reflects $1.9 million for the Natural Resources Development Fund and $3.3 million for the Critical Maintenance Program. The $2.0 million in GO bond authorization reflects $0.8 million for the Elk Neck State Park Improvements project in the Natural

Resources Development Fund, $0.8 million for the Critical Maintenance Program, and $0.5 million for Ocean City Beach Maintenance.

[5] The Capital Development – Replacement reflects $7.1 million in GO bonds comprised of $4.5 million for Natural Resources Development Fund, $2.1 million for Critical Maintenance Program, and $0.5 million for Ocean City Beach Maintenance to backfill the fiscal 2015 negative deficiencies for each of these programs.

[6] The Rural Legacy Program – Replacement reflects $0.7 million in transfer tax special funds, which provides for easement costs which are not eligible for GO bonds and $9.4 million in bond premiums in Section 15 of the MCCBL of 2015. The $9.4 million in bond premiums reflects the equitable funding of 75% of 2014 legislative session replacement funding for the land purchase and easement acquisition capital programs in fiscal 2016. The $5.0 million GO bond authorization mandated in statute was deleted.

[7] The Agricultural Land Preservation – New reflects $9.1 million in other special funds, primarily from county funds.

[8] The Agricultural Land Preservation – Replacement reflects $17.0 million in bond premiums in Section 15 of the MCCBL of 2015. The $17.0 million in bond premiums reflects the equitable funding of 75% of 2014 legislative session replacement funding for the land purchase and easement acquisition capital programs in fiscal 2016.

Note: Numbers may not sum due to rounding.

- **Negative Deficiencies** – the operating budget bill included fiscal 2015 negative deficiencies (withdrawn appropriations) totaling $32,464,457 due to the transfer tax revenue estimate write-down affecting the Natural Resources Development Fund – $4,535,821, Ocean City Beach Maintenance – $500,000, and Critical Maintenance Program – $2,088,000, of which funding for all three programs is replaced with GO bond authorizations in fiscal 2016 as reflected in the $7,123,821 in capital development;

- **Unencumbered Balance Transfer** – the BRFA of 2015 transfers $10,500,000 to the general fund in fiscal 2015 comprised of $2,318,600 from POS – State and $8,181,400 from POS – Local of which the $8,181,400 from POS – Local is replaced with GO bond and bond premium authorizations in fiscal 2016; and

- **Equitable Replacement of Prior Year Funding** – the Governor's capital budget as introduced included 100% of 2014 legislative session replacement funding for the Rural Legacy Program and Maryland Agricultural Land Preservation Program and 50% replacement funding for POS – State and POS – Local, and therefore the General Assembly modified the replacements to reflect the equitable replacement across land acquisition and easement purchase capital programs of 75% of 2014 legislative session replacement funding using a combination of GO bond and bond premium authorizations.

State Aid to Local Governments

Overview

State aid to local governments will total $7.2 billion in fiscal 2016, representing a $159.6 million, or 2.3%, increase from the prior year. Direct aid will increase by $166.6 million, and State funding for retirement payments will decrease by $7.0 million, reflecting a reduction in the supplemental payment. 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 2015 and 2016.

Exhibit A-3.1
State Aid to Local Governments
Fiscal 2015 and 2016
($ in Millions)

	2015	2016	Difference	% Difference
Public Schools	$5,343.5	$5,481.0	$137.6	2.6%
Libraries	50.8	52.0	1.2	2.5%
Community Colleges	250.2	254.1	3.9	1.6%
Local Health	41.7	45.7	3.9	9.4%
County/Municipal	537.0	557.0	20.0	3.7%
Subtotal – Direct Aid	***$6,223.2***	***$6,389.8***	***$166.6***	***2.7%***
Retirement Payments	$797.4	$790.4	-7.0	-0.9%
Total	**$7,020.6**	**$7,180.2**	**$159.6**	**2.3%**

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount included in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

Source: Department of Legislative Services

Legislative Actions

The General Assembly approved several measures during the 2015 session that affect State funding for local governments. As shown in **Exhibit A-3.2**, State aid to local governments decreases by $67.9 million from either statutorily mandated amounts or current discretionary funding levels. Direct aid to public schools, libraries and local health agencies is affected, along with State funding for transportation, public safety, and Program Open Space. Retirement State aid is also reduced by $41.0 million. A comparison of the legislative appropriation to the Governor's proposed budget for fiscal 2016 is shown in **Exhibit A-3.3**.

Exhibit A-3.2
Enhancements and Reductions to State Aid Programs from Statutory Funding Levels
Fiscal 2016

County	Transportation[1]	Public Schools[2]	Program Open Space[3]	Library Aid Formulas	Police Aid Formula	Health Grants	Retirement	Total
Allegany	$1,020,149	-$373,866	-$141,913	-$38,291	-$45,438	-$95,008	-$475,903	-$150,271
Anne Arundel	1,252,548	-606,592	-1,510,311	-106,240	-363,673	-329,827	-3,573,337	-5,237,433
Baltimore City	2,000,000	-226,942	-1,354,370	-310,370	0	-699,751	-3,526,882	-4,118,314
Baltimore	602,901	0	-1,708,529	-280,339	-664,178	-457,950	-4,841,723	-7,349,817
Calvert	334,514	-278,695	-149,666	-20,482	-40,928	-40,749	-773,502	-969,507
Caroline	403,786	-191,019	-66,442	-14,144	-18,115	-54,115	-244,547	-184,596
Carroll	1,269,111	-509,280	-339,187	-46,716	-83,262	-127,097	-1,126,014	-962,444
Cecil	641,893	-513,863	-174,855	-37,450	-53,263	-83,495	-714,543	-935,575
Charles	450,320	-909,071	-307,740	-48,795	-69,427	-103,550	-1,199,671	-2,187,933
Dorchester	452,022	-134,540	-56,697	-13,359	-20,175	-44,291	-199,641	-16,680
Frederick	2,289,322	-398,689	-350,811	-68,473	-124,971	-156,637	-1,817,351	-627,610
Garrett	386,544	-103,594	-69,869	-6,909	-11,910	-44,719	-183,554	-34,011
Harford	1,122,761	-755,822	-502,540	-74,737	-148,126	-180,043	-1,557,749	-2,096,255
Howard	231,649	-142,431	-890,916	-44,469	-192,729	-129,200	-3,147,025	-4,315,120
Kent	235,763	0	-42,267	-4,118	-10,722	-34,347	-94,081	50,228
Montgomery	3,600,399	0	-2,243,993	-148,435	-831,627	-330,594	-8,568,755	-8,523,004

Exhibit A-3.2 (Cont.)
Enhancements and Reductions to State Aid Programs from Statutory Funding Levels
Fiscal 2016

County	Transportation[1]	Public Schools[2]	Program Open Space[3]	Library Aid Formulas	Police Aid Formula	Health Grants	Retirement	Total
Prince George's	4,308,631	-5,020,845	-1,930,773	-353,243	-764,128	-531,895	-5,541,633	-9,833,886
Queen Anne's	208,622	-97,887	-90,303	-7,096	-22,397	-42,804	-323,347	-375,212
St. Mary's	198,192	-394,989	-170,205	-32,023	-48,727	-83,169	-723,605	-1,254,527
Somerset	185,113	-105,543	-40,869	-14,108	-12,938	-43,388	-140,592	-172,325
Talbot	585,276	0	-94,708	-5,538	-22,267	-33,680	-195,621	233,462
Washington	1,369,876	-675,004	-267,238	-61,190	-76,920	-141,317	-965,057	-816,850
Wicomico	1,158,188	-472,033	-178,526	-49,399	-58,975	-96,988	-667,396	-365,130
Worcester	692,420	0	-168,501	-7,537	-35,815	-36,081	-365,845	78,642
Unallocated	0	-17,200,000	0	-526,084	0	0	0	-17,726,084
Total	**$25,000,000**	**-$29,110,705**	**-$12,851,229**	**-$2,319,545**	**-$3,720,710**	**-$3,920,689**	**-$40,967,373**	**-$67,890,251**

[1] Supplemental Budget 1 added $25.0 million for local transportation grants to Baltimore City ($2.0 million) county governments ($4.0 million) and municipalities ($19.0 million).

[2] Statutory funding total assumes that the discretionary Geographic Cost of Education Index is fully funded. Includes $11.9 million in reductions to Net Taxable Income adjustment grants, and under unallocated, $1.7 million in enhancements for nonpublic placements; $13.4 million in reductions for Quality Teacher Incentives; and the discretionary reduction of Early College Innovation ($2.0 million) and Digital Learning ($3.5 million) grants.

[3] Shows $12.9 million in reductions from the statutory allocation of the transfer tax. Program Open Space formula funding receives $22.0 million in general obligation bond funding in fiscal 2016.

Exhibit A-3.3
Change in State Aid to Local Governments
Fiscal 2016

County	Governor's Plan[1]	Legislative Appropriation[2]	Difference vs. Governor's Plan	Percent Difference
Allegany	$108,118,002	$109,174,178	$1,056,176	1.0%
Anne Arundel	474,108,077	483,783,447	9,675,370	2.0%
Baltimore City	1,216,806,664	1,237,584,178	20,777,514	1.7%
Baltimore	783,925,500	793,924,633	9,999,133	1.3%
Calvert	100,866,442	102,911,799	2,045,357	2.0%
Caroline	61,764,836	62,241,973	477,137	0.8%
Carroll	168,191,031	170,311,712	2,120,681	1.3%
Cecil	128,062,809	129,351,266	1,288,457	1.0%
Charles	199,363,572	202,225,106	2,861,534	1.4%
Dorchester	50,058,090	50,386,791	328,701	0.7%
Frederick	286,731,912	291,679,051	4,947,139	1.7%
Garrett	32,907,319	33,577,618	670,299	2.0%
Harford	255,296,660	256,803,845	1,507,185	0.6%
Howard	318,288,074	321,404,824	3,116,750	1.0%
Kent	13,807,372	13,848,327	40,955	0.3%
Montgomery	885,773,240	904,242,985	18,469,745	2.1%
Prince George's	1,248,179,320	1,278,558,473	30,379,153	2.4%
Queen Anne's	45,222,949	45,708,276	485,327	1.1%
St. Mary's	119,851,874	120,713,156	861,282	0.7%
Somerset	39,612,557	39,919,448	306,891	0.8%
Talbot	21,908,581	21,964,104	55,523	0.3%
Washington	201,879,290	203,309,831	1,430,541	0.7%
Wicomico	164,981,251	166,947,367	1,966,116	1.2%
Worcester	35,079,752	35,847,083	767,331	2.2%
Unallocated	115,358,372	103,797,379	-11,560,993	-10.0%
Total	**$7,076,143,546**	**$7,180,216,850**	**$104,073,304**	**1.5%**

[1] Includes $73.6 million in reductions to discretionary education State aid programs and addition of $25.0 million for transportation grants per Supplemental Budget 1.

[2] The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount included in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

Reduction in Retirement Payments

The Budget Reconciliation and Financing Act (BRFA) of 2015, ***House Bill 72 (passed)***, reduces the mandated State retirement supplemental contribution from $150.0 million to $75.0 million in fiscal 2016, and repeals the corridor funding method for the State Retirement and Pension System. This results in reductions in fiscal 2016 State aid for retirement payments for public school teachers ($38.2 million) as well as for community college ($2.1 million) and library ($633,500) employees. For a more detailed discussion of this issue, see the subpart "Pensions and Retirement" within Part C – State Government of this *90 Day Report*.

Geographic Cost of Education Index

The Governor's proposed fiscal 2016 State budget includes 50% funding for the Geographic Cost of Education Index (GCEI) formula. The fiscal 2016 budget adopted by the General Assembly provides for 100% funding of GCEI ($136.2 million); however, restoration of half the GCEI funding is at the discretion of the Governor. ***Senate Bill 183 (passed)*** makes funding through the program mandatory rather than discretionary, contingent upon full funding *not* being provided in the fiscal 2016 operating budget, but the bill is null and void if full funding of GCEI is provided in fiscal 2016.

Net Taxable Income Adjustment Grants

The BRFA of 2015, ***House Bill 72***, delays the scheduled phase-in of Net Taxable Income (NTI) Adjustment Grants for public schools by one year, such that the phase-in percentage is altered from 60% to 40% in fiscal 2016, 80% to 60% in fiscal 2017, and 100% to 80% in fiscal 2018. Grant funding is fully phased in by fiscal 2019. Fiscal 2016 funding under the legislation totals $23.8 million, which is $11.9 million below the preexisting statutory level, and results in a $3.0 million, or 11.3% decline compared to fiscal 2015.

Quality Teacher Incentive Grants

The State provides salary enhancements for teachers obtaining national certification and a stipend for teachers and other nonadministrative certificated school employees working in low-performing schools. With the transition to a new State curriculum, there has been a misalignment in recent years between what is taught in the classroom and what is tested as part of the State assessments; the assessment data drives school performance ratings. This has resulted in an artificial increase in the number of stipend-eligible schools and teachers and, therefore, significant increases in Quality Teacher Incentive (QTI) funding. The BRFA of 2015, ***House Bill 72***, limits eligibility in fiscal 2016 to educators who are eligible to receive stipends through the QTI program as a result of teaching in a school that was identified, in fiscal 2014, as either having comprehensive needs or not having comprehensive needs. Accordingly, the fiscal 2016 budget is reduced by $13.4 million compared to the Governor's proposed budget. Stipends for teachers who only hold an Advanced Professional Certificate are repealed beginning in fiscal 2017. Expenditure savings under this program increase to an estimated $21.5 million by fiscal 2020.

Transportation Grants

The fiscal 2016 budget includes $25 million in additional funding for transportation grants as follows: $2 million for Baltimore City; $4 million for counties; and $19 million for municipalities. The grants are to be allocated on the same basis as highway user revenues.

Changes by Program

Of the 24 counties in Maryland, 20 will receive increased direct State aid in fiscal 2016. **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 2015 and 2016 by program.

Exhibit A-3.4
State Aid to Local Governments
Fiscal 2016 Legislative Appropriation
($ in Thousands)

	Direct State Aid									
County	County – Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal	Retirement	Total	Change Over FY 2015	Percent Change
Allegany	$13,999	$6,202	$77,893	$752	$1,146	$99,991	$9,183	$109,174	$1,524	1.4%
Anne Arundel	33,789	30,693	344,507	2,138	3,837	414,964	68,819	483,783	16,513	3.5%
Baltimore City	255,709	0	899,653	6,096	8,149	1,169,607	67,977	1,237,584	-19,198	-1.5%
Baltimore	24,635	41,519	623,594	5,545	5,270	700,564	93,361	793,925	31,241	4.1%
Calvert	3,798	2,496	80,850	410	466	88,021	14,891	102,912	-738	-0.7%
Caroline	4,730	1,675	50,193	278	652	57,528	4,714	62,242	1,957	3.2%
Carroll	5,398	8,310	132,411	929	1,498	148,546	21,766	170,312	-2,664	-1.5%
Cecil	7,351	5,980	100,524	740	982	115,576	13,775	129,351	-157	-0.1%
Charles	4,262	8,546	164,174	967	1,212	179,161	23,064	202,225	2,447	1.2%
Dorchester	4,394	1,248	40,113	263	532	46,551	3,836	50,387	2,548	5.3%
Frederick	8,535	9,926	235,030	1,360	1,841	256,693	34,986	291,679	2,777	1.0%
Garrett	4,802	3,731	20,821	138	539	30,032	3,546	33,578	172	0.5%
Harford	7,275	11,370	204,387	1,483	2,116	226,630	30,174	256,804	-424	-0.2%
Howard	8,369	17,416	232,516	869	1,488	260,658	60,747	321,405	11,292	3.6%
Kent	1,221	607	9,699	83	417	12,028	1,821	13,848	-284	-2.0%
Montgomery	29,451	47,099	654,984	2,902	3,719	738,155	166,088	904,243	33,562	3.9%
Prince George's	67,447	27,966	1,063,527	6,965	6,131	1,172,036	106,522	1,278,558	69,837	5.8%
Queen Anne's	1,821	1,869	35,140	144	508	39,483	6,225	45,708	794	1.8%
St. Mary's	2,802	2,721	99,648	636	983	106,790	13,923	120,713	2,519	2.1%
Somerset	6,646	716	29,052	277	522	37,212	2,707	39,919	643	1.6%
Talbot	2,267	1,773	13,634	108	399	18,182	3,782	21,964	659	3.1%
Washington	7,068	8,754	166,004	1,206	1,677	184,709	18,601	203,310	-282	-0.1%
Wicomico	13,055	4,987	133,965	971	1,150	154,127	12,820	166,947	6,226	3.9%
Worcester	6,298	2,093	19,813	147	429	28,781	7,066	35,847	824	2.4%
Unallocated	31,861	6,422	48,902	16,613	0	103,797	0	103,797	-2,167	-2.0%
Total	**$556,984**	**$254,121**	**$5,481,035**	**$52,019**	**$45,664**	**$6,389,823**	**$790,394**	**$7,180,217**	**$159,620**	**2.3%**

Exhibit A-3.4 (Cont.)
State Aid to Local Governments
Fiscal 2015 Working Appropriation
($ in Thousands)

			Direct State Aid					
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	$13,677	$6,113	$76,562	$744	$1,051	$98,146	$9,504	$107,650
Anne Arundel	33,041	30,990	330,046	2,101	3,507	399,685	67,586	467,271
Baltimore City	257,257	0	913,587	6,053	7,449	1,184,345	72,437	1,256,783
Baltimore	21,213	41,218	594,571	5,327	4,812	667,141	95,543	762,684
Calvert	3,355	2,480	81,890	385	426	88,536	15,114	103,650
Caroline	4,513	1,622	48,598	270	597	55,600	4,685	60,285
Carroll	5,000	8,114	134,546	902	1,371	149,934	23,042	172,976
Cecil	6,950	5,845	101,099	719	899	115,511	13,998	129,508
Charles	3,990	8,420	161,772	920	1,109	176,211	23,567	199,778
Dorchester	4,229	1,214	37,745	252	488	43,929	3,910	47,839
Frederick	7,857	9,869	232,973	1,334	1,685	253,718	35,184	288,902
Garrett	4,351	3,755	20,980	114	495	29,694	3,711	33,405
Harford	6,768	11,211	203,118	1,450	1,936	224,482	32,745	257,228
Howard	7,893	16,404	222,848	838	1,359	249,341	60,772	310,113
Kent	1,122	584	9,927	81	383	12,095	2,037	14,133
Montgomery	28,146	45,919	624,983	2,813	3,388	705,249	165,432	870,681
Prince George's	64,890	26,868	1,002,865	6,759	5,599	1,106,981	101,741	1,208,722
Queen Anne's	1,678	1,883	34,674	138	465	38,838	6,077	44,915
St. Mary's	2,528	2,788	97,276	612	900	104,104	14,091	118,195
Somerset	6,502	728	28,578	268	479	36,555	2,721	39,276
Talbot	2,090	1,751	13,066	107	365	17,379	3,926	21,305
Washington	6,647	8,704	166,274	1,172	1,536	184,333	19,259	203,592
Wicomico	12,026	4,999	128,704	943	1,053	147,725	12,997	160,721
Worcester	5,503	2,076	19,588	144	393	27,705	7,318	35,023
Unallocated	25,771	6,679	57,191	16,323	0	105,964	0	105,964
Total	**$536,994**	**$250,233**	**$5,343,461**	**$50,769**	**$41,743**	**$6,223,201**	**$797,396**	**$7,020,597**

Exhibit A-3.4 (Cont.)
Dollar Difference Between Fiscal 2016 Legislative Appropriation and Fiscal 2015 Working Appropriation
($ in Thousands)

	Direct State Aid							
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	$322	$89	$1,331	$8	$95	$1,845	-$321	$1,524
Anne Arundel	748	-297	14,461	37	330	15,279	1,234	16,513
Baltimore City	-1,547	0	-13,935	43	700	-14,738	-4,460	-19,198
Baltimore	3,422	301	29,023	219	458	33,423	-2,182	31,241
Calvert	443	16	-1,040	24	41	-515	-223	-738
Caroline	217	53	1,595	9	54	1,928	29	1,957
Carroll	398	196	-2,136	27	127	-1,388	-1,276	-2,664
Cecil	401	135	-575	20	83	65	-223	-157
Charles	272	126	2,402	46	104	2,950	-503	2,447
Dorchester	165	34	2,368	11	44	2,622	-74	2,548
Frederick	678	57	2,058	27	157	2,976	-199	2,777
Garrett	451	-23	-158	24	45	338	-165	172
Harford	507	159	1,269	33	180	2,148	-2,572	-424
Howard	476	1,012	9,669	31	129	11,317	-25	11,292
Kent	100	24	-227	2	34	-68	-216	-284
Montgomery	1,305	1,180	30,002	88	331	32,906	656	33,562
Prince George's	2,557	1,098	60,662	206	532	65,055	4,782	69,837
Queen Anne's	143	-14	466	6	43	645	148	794
St. Mary's	274	-67	2,372	23	83	2,686	-167	2,519
Somerset	144	-13	473	9	43	657	-14	643
Talbot	178	22	568	2	34	803	-144	659
Washington	422	50	-270	34	141	377	-659	-282
Wicomico	1,029	-12	5,261	28	97	6,402	-176	6,226
Worcester	794	17	225	3	36	1,076	-252	824
Unallocated	6,090	-257	-8,289	290	0	-2,167	0	-2,167
Total	**$19,989**	**$3,888**	**$137,574**	**$1,249**	**$3,921**	**$166,622**	**-$7,002**	**$159,620**

Exhibit A-3.4 (Cont.)
Percent Change: Fiscal 2016 Legislative Appropriation over Fiscal 2015 Working Appropriation

	Direct State Aid							
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	2.4%	1.5%	1.7%	1.1%	9.0%	1.9%	-3.4%	1.4%
Anne Arundel	2.3%	-1.0%	4.4%	1.8%	9.4%	3.8%	1.8%	3.5%
Baltimore City	-0.6%	n/a	-1.5%	0.7%	9.4%	-1.2%	-6.2%	-1.5%
Baltimore	16.1%	0.7%	4.9%	4.1%	9.5%	5.0%	-2.3%	4.1%
Calvert	13.2%	0.7%	-1.3%	6.3%	9.6%	-0.6%	-1.5%	-0.7%
Caroline	4.8%	3.3%	3.3%	3.2%	9.1%	3.5%	0.6%	3.2%
Carroll	8.0%	2.4%	-1.6%	3.0%	9.3%	-0.9%	-5.5%	-1.5%
Cecil	5.8%	2.3%	-0.6%	2.8%	9.3%	0.1%	-1.6%	-0.1%
Charles	6.8%	1.5%	1.5%	5.0%	9.3%	1.7%	-2.1%	1.2%
Dorchester	3.9%	2.8%	6.3%	4.3%	9.1%	6.0%	-1.9%	5.3%
Frederick	8.6%	0.6%	0.9%	2.0%	9.3%	1.2%	-0.6%	1.0%
Garrett	10.4%	-0.6%	-0.8%	21.0%	9.0%	1.1%	-4.5%	0.5%
Harford	7.5%	1.4%	0.6%	2.3%	9.3%	1.0%	-7.9%	-0.2%
Howard	6.0%	6.2%	4.3%	3.7%	9.5%	4.5%	0.0%	3.6%
Kent	8.9%	4.1%	-2.3%	2.3%	9.0%	-0.6%	-10.6%	-2.0%
Montgomery	4.6%	2.6%	4.8%	3.1%	9.8%	4.7%	0.4%	3.9%
Prince George's	3.9%	4.1%	6.0%	3.1%	9.5%	5.9%	4.7%	5.8%
Queen Anne's	8.5%	-0.7%	1.3%	4.6%	9.2%	1.7%	2.4%	1.8%
St. Mary's	10.8%	-2.4%	2.4%	3.8%	9.2%	2.6%	-1.2%	2.1%
Somerset	2.2%	-1.7%	1.7%	3.4%	9.1%	1.8%	-0.5%	1.6%
Talbot	8.5%	1.3%	4.3%	1.5%	9.2%	4.6%	-3.7%	3.1%
Washington	6.3%	0.6%	-0.2%	2.9%	9.2%	0.2%	-3.4%	-0.1%
Wicomico	8.6%	-0.2%	4.1%	3.0%	9.2%	4.3%	-1.4%	3.9%
Worcester	14.4%	0.8%	1.2%	2.0%	9.2%	3.9%	-3.4%	2.4%
Unallocated	23.6%	-3.8%	-14.5%	1.8%	n/a	-2.0%	n/a	-2.0%
Total	**3.7%**	**1.6%**	**2.6%**	**2.5%**	**9.4%**	**2.7%**	**-0.9%**	**2.3%**

Exhibit A-3.5

Total State Aid to Local Governments

Program	FY 2015	FY 2016	Difference
Foundation Aid	$2,882,444,201	$2,947,082,596	$64,638,395
Supplemental Program	46,620,083	46,620,083	0
Geographic Cost of Education Index*	132,684,798	136,200,471	3,515,673
Net Taxable Income Education Grant	26,860,206	23,821,408	-3,038,798
Foundation – Special Grants	593,055	52,073	-540,982
Compensatory Education	1,251,675,638	1,305,132,944	53,457,306
Student Transportation – Regular	234,187,692	241,419,924	7,232,232
Student Transportation – Special Education	24,192,000	24,827,000	635,000
Special Education – Formula	271,702,888	275,997,329	4,294,441
Special Education – Nonpublic Placements	110,917,897	122,617,896	11,699,999
Special Education – Infants and Toddlers	10,389,104	10,389,104	0
Limited English Proficiency Grants	197,658,807	217,180,270	19,521,463
Guaranteed Tax Base	59,390,154	53,762,142	-5,628,012
Aging Schools	6,108,990	6,109,000	10
Teacher Development Grants	23,504,000	10,104,000	-13,400,000
Adult Education	8,433,623	8,433,623	0
Food Service	11,236,664	11,236,663	-1
Out-of-county Foster Placements	2,380,998	3,000,000	619,002
Head Start	1,800,000	1,800,000	0
Prekindergarten Expansion Program	4,300,000	4,300,000	0
SEED School	10,146,460	10,285,467	139,007
Judy Hoyer Centers	10,575,000	10,575,000	0
Other Programs	15,658,277	10,088,000	-5,570,277
Total Primary and Secondary Education	**$5,343,460,535**	**$5,481,034,993**	**$137,574,458**
Library Formula	$34,446,211	$35,405,976	$959,765
Library Network	16,323,271	16,612,968	289,697
Total Libraries	**$50,769,482**	**$52,018,944**	**$1,249,462**
Community College Formula	$219,538,747	$222,744,619	$3,205,872
Grants for ESOL Programs	5,516,744	5,624,759	108,015
Optional Retirement	14,301,000	14,730,000	429,000
Small College Grants	4,197,901	4,599,774	401,873
Other Community College Aid	6,678,830	6,421,697	-257,133
Total Community Colleges	**$250,233,222**	**$254,120,849**	**$3,887,627**

Program	FY 2015	FY 2016	Difference
Highway User Revenue	$169,686,146	$169,304,256	-$381,890
Elderly and Handicapped Transportation Aid	4,305,938	4,305,938	0
Paratransit	2,926,702	2,926,702	0
Municipal Transportation Grant	16,000,001	19,000,000	2,999,999
Special Transportation Grants	0	6,000,000	6,000,000
Total Transportation	**$192,918,787**	**$201,536,896**	**$8,618,109**
Police Aid	$67,278,127	$67,277,066	-$1,061
Fire and Rescue Aid	11,700,001	13,400,000	1,699,999
Vehicle Theft Prevention	1,860,000	1,869,160	9,160
9-1-1 Grants	14,400,000	14,400,000	0
Community Policing	1,974,000	1,974,000	0
Foot Patrol/Drug Enforcement Grants	4,228,210	4,228,210	0
Law Enforcement Training Grants	50,000	50,000	0
Stop Gun Violence Grants	928,478	928,478	0
Violent Crime Grants	4,750,714	4,750,714	0
State's Attorney Grants	3,959,195	3,959,195	0
Domestic Violence Grants	196,354	196,354	0
War Room/Sex Offender Grants	1,445,313	1,445,313	0
Safe Streets Program	2,830,352	2,830,352	0
School Vehicle Safety Grant	550,000	550,000	0
Body Armor	49,088	49,088	0
Total Public Safety	**$116,199,832**	**$117,907,930**	**$1,708,098**
Program Open Space	$26,446,000	$23,453,501	-$2,992,499
Critical Area Grants	243,900	244,900	1,000
Wastewater Treatment – Nutrient Removal	2,561,750	5,000,000	2,438,250
Total Recreation/Environment	**$29,251,650**	**$28,698,401**	**-$553,249**
Local Health Formula	**$41,743,209**	**$45,663,904**	**$3,920,695**
Disparity Grant	**$127,738,286**	**$129,819,872**	**$2,081,586**
Horse Racing Impact Aid	$73,000	$0	-$73,000
Payments in Lieu of Taxes	1,575,678	3,799,880	2,224,202
Video Lottery Terminal Impact Aid	36,841,812	38,876,974	2,035,162
Instant Bingo	1,019,846	1,291,926	272,080
Senior Citizens Activities Center	500,000	500,000	0
Statewide Voting Systems	3,216,943	6,893,299	3,676,356
Teachers Retirement Supplemental Grants	27,658,662	27,658,662	0
Total Other Direct Aid	**$70,885,941**	**$79,020,741**	**$8,134,800**
Total Direct Aid	**$6,223,200,944**	**$6,389,822,530**	**$166,621,586**

Program	FY 2015	FY 2016	Difference
Retirement – Teachers	$738,575,043	$729,277,480	-$9,297,563
Retirement – Libraries	18,528,258	19,108,560	580,302
Retirement – Community Colleges	40,292,677	42,008,280	1,715,603
Total Payments-in-behalf	**$797,395,978**	**$790,394,320**	**-$7,001,658**
Total State Aid	**$7,020,596,922**	**$7,180,216,850**	**$159,619,928**

ESOL: English for Speakers of Other Languages

*The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount included in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

Primary and Secondary Education

Foundation Program: The Foundation program is the basic State education funding mechanism for public schools, which ensures a minimum per pupil funding level and requires county governments to provide a local match. The formula is calculated based on a per pupil foundation amount and student enrollment. Under the Governor's proposed budget, the per pupil foundation amount was to be held at its fiscal 2015 level of $6,860 for fiscal 2016 and fiscal 2017 through 2020, the limit on annual inflation for the target per pupil foundation amount was to be reduced from 5.0% to 1.0%. Instead, the budget does not alter inflation in the per pupil foundation amount for fiscal 2016, and the General Assembly did not reduce the limit on annual inflationary increases. This results in a per pupil amount of $6,954, a 1.4% increase over fiscal 2015, 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 842,229 students. Enrollment for the formula is based on the September 30, 2014, full-time equivalent student enrollment count. Less affluent local school systems, as measured by assessable base and NTI, receive relatively more aid per pupil than wealthier school systems. The State provides funding for roughly 50.0% of the program's cost. State aid under the Foundation program will total $2.9 billion in fiscal 2016, a $64.6 million, or 2.2%, increase from the prior year.

In addition, $46.6 million in supplemental grants will be provided to nine local school systems. The supplemental grants were established during the 2007 special session to guarantee increases of at least 1% in State education aid for all local school systems during the 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 an 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. As discussed above, the scheduled phase-in of the grants is delayed by one year beginning in fiscal 2016. Fiscal 2016 funding totals $23.8 million, a $3.0 million, or 11.3% decline compared to fiscal 2015.

Geographic Cost of Education Index: This discretionary formula provides additional State funds to local school systems where costs for educational resources are higher than the State average. Funding for the GCEI formula was provided in fiscal 2009 for the first time. Thirteen local school systems receive a total of $136.2 million in fiscal 2016 from the GCEI formula, an increase of $3.5 million over fiscal 2015. However, as discussed above, 50% of this funding is at the Governor's discretion.

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 (FRPM). 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 2016, representing a $53.5 million, or 4.3%, increase over the prior year due to a 3.0% increase in the student enrollment count and a 1.4% increase in per pupil funding. The student enrollment count used for the program totals 371,142.

***Senate Bill 334*/*House Bill 965* (both passed)** alter the enrollment count used to calculate compensatory aid in fiscal 2017 and 2018 for local boards of education that participate in the U.S. Department of Agriculture Community Eligibility Provision, thus mitigating the potential loss of FRPM count and, therefore, compensatory aid for participating counties. The Maryland State Department of Education must report on the impact of the bill on State aid provided to local school systems.

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 103,253. State formula funding for public special education programs will total $276.0 million in fiscal 2016, representing a $4.3 million, or a 1.6% increase over the prior year. Funding for nonpublic placements totals $122.6 million in fiscal 2016, an increase of $11.7 million. A local school system pays its respective local share of the basic cost of education for each nonpublic placement plus two times

the total basic cost of education in the system, as well as 30.0% of any expense above that sum. The State pays 70.0% of the costs above the base local funding.

Student Transportation: The State provides grants to assist local school systems with the cost of transporting students to and from school. The grants consist of three components: regular student ridership funds; special education student ridership funds; and additional enrollment funds. The regular student ridership funds are based on the local school system's grant in the previous year increased by inflation. Local school systems with enrollment increases receive additional funds. The special education student ridership funds are based on a $1,000 per student grant for transporting disabled students. The fiscal 2016 State budget includes $241.4 million for regular transportation services and $24.8 million for special transportation services. This represents a $7.9 million, or 3%, 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 $217.2 million in fiscal 2016, representing a $19.5 million, or 9.9%, increase over the prior year. The number of LEP students totals 60,704 for the 2014-2015 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 $53.8 million in fiscal 2016.

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. State funding for the Aging Schools Program will total $6.1 million in fiscal 2016.

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 2016 State budget includes $10.6 million for Judy Hoyer programs and $1.8 million for Head Start programs.

Teacher Development: The State provides salary enhancements for teachers obtaining national certification and a stipend for teachers and other nonadministrative certificated school employees working in low-performing schools. The fiscal 2016 State budget includes $9.5 million for quality teacher incentives. For reasons discussed above, this amounts to a $13.4 million

decrease compared to fiscal 2015 funding. The fiscal 2016 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 teacher quality and national board certification grants.

Food and Nutrition Services: In addition to federal funds provided under the School Lunch Act of 1946, the State provides matching funds to support food and nutrition programs for low-income children. The programs provide free and reduced-price breakfasts, lunches, and snacks to public or private nonprofit school students. All public schools in the State are required to provide subsidized or free nutrition programs for eligible students. The fiscal 2016 State budget includes $11.2 million for food and nutrition services, level with fiscal 2015 funding.

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 2016, the same annual amount that has been provided since fiscal 2009.

Adult Education: The State provides funding for adult education services, including classes on basic skills in reading, writing, and math, or learning to speak and understand the English language. Grants also assist adults to prepare to earn a high school diploma through the general education development tests or the National External Diploma Program. The State budget includes $8.4 million for adult education programs in fiscal 2016, level with fiscal 2015 funding.

School-based Health Centers: The fiscal 2016 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 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. The program had been funded through federal Temporary Assistance for Needy Families funds; however, beginning in fiscal 2012 general funds are used. Fiscal 2016 funding remains level at $4.6 million.

Science and Mathematics Education Initiative: This program includes summer sessions for teachers and an equipment incentive fund to strengthen science and math education. The State budget includes $2 million for this initiative in fiscal 2016, a decrease of $621,000 compared to fiscal 2015 funding.

Prekindergarten Expansion: The Prekindergarten Expansion Act of 2014, expanded prekindergarten services to four-year-old children from families whose income is no more than 300% of the federal poverty guidelines by establishing a competitive grant program to provide funding to qualified public and private prekindergarten providers. The State budget includes $4.3 million for the grant program in fiscal 2016, level with fiscal 2015 funding.

Teachers' Retirement Payments: The BRFA of 2011 reduced costs for teachers' retirement in fiscal 2012 through the restructuring of the State's pension system. It also required local boards of education to pay a share of the administrative costs for the State Retirement Agency. The BRFA of 2012 (Chapter 1 of the first special session) phased in school board payments of the annual normal cost over four years (with increased county maintenance of effort requirements equal to the required payments). After fiscal 2016, each school board is responsible for paying the actual normal costs associated with its employees. The BRFA of 2014, reduced the mandated State retirement supplemental contribution and, therefore, State retirement aid on behalf of local government employees, including teachers. As discussed above, the BRFA of 2015, ***House Bill 72***, further reduces supplemental contributions, and thus State retirement aid. Fiscal 2016 funding totals $729.3 million, a decrease of $9.3 million, compared to fiscal 2015.

Local Libraries

Minimum Per Capita Library Program: The State provides assistance to public libraries through a formula that determines the State and local shares of a minimum per capita library program. Overall, the State provides 40% of the minimum program, and the counties provide 60%. The State/local share of the minimum program varies by county depending on local wealth. The per-resident amount was set at $14.00 for fiscal 2012 through 2015, phasing up to $16.70 by fiscal 2019 and in subsequent years. Instead, under the BRFA of 2015, ***House Bill 72***, the per capita amount is reduced from $15.00 to $14.27 in fiscal 2016, and is fully phased in at $16.70 in fiscal 2025. Fiscal 2016 funding totals $35.4 million, a $1.0 million increase compared to fiscal 2015.

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.

The BRFA of 2011, Chapter 397, set State Library Resource Center funding at $1.67 per resident for fiscal 2012 through 2016, before a phase-in to $1.85 in 2019 and in subsequent years. The BRFA of 2015, ***House Bill 72***, extends the phase-in to fiscal 2025. Under Chapter 500 of 2014, per resident funding for regional resource centers was set to increase to $7.50 in fiscal 2016 and phase up to $8.75 per resident by fiscal 2019. However, the BRFA of 2015, ***House Bill 72***, extends the phase-in of the increase in the per capita funding amount to a 10-year phase-in period beginning with a per resident amount of $6.95 in fiscal 2016, thus reducing fiscal 2016 funding by $526,100 compared to the prior statutory level. Fiscal 2016 State library network funding totals $16.6 million, an increase of $289,700 over fiscal 2015.

Retirement Payments: As discussed above, ***House Bill 72***, decreased State supplemental retirement payments and, therefore, State retirement aid on behalf of local government employees, including local library employees. Fiscal 2016 funding totals $19.1 million, an increase of $580,300 over fiscal 2015.

Community Colleges

Senator John A. Cade Formula Funding: The Cade funding formula aid is based on a percentage of the current year's State aid to selected four-year public higher education institutions and the total number of full-time equivalent students (FTES) 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. Chapter 333 of 2006 began a phased enhancement of the Cade formula that has been adjusted frequently by budget reconciliation legislation. The most recent alteration reducing funding levels was enacted in the BRFA of 2012, which set a State funding floor per FTES for fiscal 2014 through 2017 and reduced formula funding levels for fiscal 2018 through 2022. The BRFA of 2014 altered the funding percentages in statute to increase support for community colleges sooner. In January 2015, for cost containment, the Board of Public Works (BPW) reduced the Cade formula by $6.6 million (and the Small Community College grant program by $228,400). The reduction to the Cade formula was reached by cutting in half the annual growth of all State support to community colleges. Fiscal 2016 funding totals $222.7 million, an increase of $3.2 million over fiscal 2015 funding.

Special Programs: State funding in fiscal 2016 will total $4.0 million for the small college grants and $0.6 million for the Allegany/Garrett counties unrestricted grants. Funding for statewide and regional programs will total $6.4 million. The English as a Second Language Program will receive $5.6 million.

Retirement Payments: As discussed above, the BRFA of 2015, ***House Bill 72***, decreased State supplemental retirement payments, and therefore State retirement aid on behalf of local government employees, including community college employees. Fiscal 2016 funding totals $42.0 million, an increase of $1.7 million over fiscal 2015. In addition, State funding for the optional retirement program will total $14.7 million in fiscal 2016.

Local Health Departments

The State provides funds to support the delivery of public health services in each of Maryland's 24 jurisdictions. These services include child health, communicable disease prevention, maternal health, family planning, environmental health, and administration of the departments. Due to declining State revenues, the fiscal 2010 appropriation for grants to local health departments was reduced from $57.4 million to $37.3 million by BPW in August 2009. The BRFA of 2010 maintained the base appropriation for the targeted local health formula for fiscal 2011 and 2012 at $37.3 million and provided for increases to the program in fiscal 2013. The formula adjustment combines an inflation factor with a population growth factor. The BRFA of 2014, clarified that the local health funding formula inflationary adjustments are made to the prior year's formula allocation rather than to the $37.3 million base funding level. In January 2015, BPW reduced funding by $5.9 million resulting in level funding with the fiscal 2014 amount of $41.7 million. Although the Governor's proposed budget reduced health department aid by $7.8 million to level fund the aid, the General Assembly restored half of this proposed reduction. The fiscal 2016 budget includes $45.7 million, or $3.9 million above the prior year amount.

County and Municipal Governments

Highway User Revenues: 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 2016, $135.8 million (7.7% of HUR) is distributed to Baltimore City; $26.5 million (1.5%) is distributed to counties; and $7.1 million (0.4%) is distributed to municipalities, for a total of $169.3 million. ***Senate Bill 591*/*House Bill 484* (failed)** and ***Senate Bill 181* (failed)** would have provided a total of 30.0% of HUR to local governments.

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. As discussed above, the fiscal 2016 budget includes $25.0 million for transportation grants to Baltimore City, counties, and municipalities. State funding for elderly/disabled transportation grants will total $4.3 million in fiscal 2016, while State funding for paratransit grants will total $2.9 million; level with fiscal 2015 for both programs.

Police Aid Formula: Maryland's counties and municipalities receive grants for police protection through the police aid formula. The police aid formula allocates funds on a per capita basis, and jurisdictions with a higher population density receive greater per capita grants. Municipalities receive additional grants based on the number of sworn officers. The Maryland State Police recovers 30% of the State crime laboratory costs relating to evidence-testing services from each county's formula allocation. As a cost containment measure, police aid was capped at $45.4 million from fiscal 2010 to 2013. The formula was fully funded in fiscal 2014 at $67.3 million. BPW reduced police formula aid by approximately $600,000 in January 2015, resulting in level funding with fiscal 2014. The BRFA of 2015, ***House Bill 72***, affirms this decision for fiscal 2015 and reduces fiscal 2016 funding by $3.7 million resulting in virtually level funding at $67.3 million for an additional year.

Targeted Public Safety Grants: State funding for targeted public safety grants will total $14.2 million in fiscal 2016. These grants include violent crime grants for Baltimore City and Prince George's County, police foot patrol and community policing grants for Baltimore City, a drug enforcement grant for Prince George's County, S.T.O.P. gun violence grants, school bus traffic enforcement grants, domestic violence grants, law enforcement and correctional officers training grants, Baltimore City war room, sex offender and compliance enforcement, and the body armor grants. Also, $2.5 million is provided in fiscal 2016 to the Baltimore City State's Attorney Office to assist in the prosecution of gun offenses and repeat violent offenders, and $1.5 million will be provided to support the Community Prosecution, Special Investigations, and Collateral Offender Units of the Prince George's County State's Attorney Office. Also, Safe Streets Program funding totals $2.8 million.

Vehicle Theft Prevention Program: This program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for vehicle theft prevention, deterrence, and educational programs. Funds are used to enhance the prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund and from inspection fees collected for salvaged vehicle verification. State funding for this program will total $1.9 million in fiscal 2016.

Fire, Rescue, and Ambulance Services: The State provides formula grants through the Senator William H. Amoss Fire, Rescue, and Ambulance Fund to the counties, Baltimore City, and qualifying municipalities for local and volunteer fire, rescue, and ambulance services. The program supports the purchase of fire and rescue equipment and capital building improvements and is funded through the Maryland Emergency Medical System Operations Fund (MEMSOF). Chapter 429 of 2013 increased the annual vehicle registration fee surcharge from $13.50 to $17.00, with the additional fees credited to MEMSOF. Revenues from the surcharge increase will, in part, be used to support increased appropriations to the Amoss Fund. The legislation expressed the intent that the annual appropriation to the fund will be $11.7 million in fiscal 2015, $13.3 million in fiscal 2016, and $15.0 million in fiscal 2017. Fiscal 2016 funding totals $13.4 million.

9-1-1 Emergency Systems Grants: The State imposes a 25-cent fee per month on telephone subscribers that is deposited into a trust fund that provides reimbursements to counties for improvements and enhancements to their 9-1-1 systems. Counties may only use the trust fund money to supplement their spending, not to supplant it. State funding to local 9-1-1 emergency systems will total $14.4 million in fiscal 2016, level with fiscal 2015 funding.

Program Open Space: This program was established in 1969 to expedite the acquisition of outdoor recreation and open space, before property cost and development made it impossible, and to accelerate the development of outdoor recreation facilities. In fiscal 2016, Program Open Space (POS) formula funding totals $22.0 million. In addition, Baltimore City will receive $1.5 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. The BRFA of 2009 prohibited the Department of Natural Resources (DNR) from making revenue sharing payments to counties from park earnings for fiscal 2010 and 2011. The BRFA of 2011 prohibited DNR from making revenue sharing payments to counties from park earnings for fiscal 2012 and 2013. The BRFA of 2015 prohibits DNR from making revenue sharing payments to counties from non-timber or concession operations park earnings in fiscal 2015, thus reducing aid to local governments by $1.7 million in fiscal 2015. In fiscal 2016, Forest Service payments to local governments total $182,200 and Park Service payments total $2.5 million.

Wastewater Treatment – Nutrient Removal Program: The Maryland Department of the Environment provides grants to local governments to assist with operation and maintenance costs associated with enhanced nutrient removal at wastewater treatment facilities. The grant program is funded at $5.0 million in fiscal 2016.

Video Lottery Terminal Local Impact Grants: From the proceeds generated by video lottery terminals (VLTs) at video lottery facilities in the State, 5.5% is distributed to local governments in which a video lottery facility is operating. Of this amount, 18.0% would go for 20 years (starting in fiscal 2012 and ending in fiscal 2032) to Baltimore City through the Pimlico Community Development Authority and to Prince George's County for the community surrounding Rosecroft ($1.0 million annually), except that the 18.0% dedication does not apply to Allegany, Cecil, and Worcester county facilities upon issuance of the Baltimore City license. Furthermore, under the BRFA of 2014, for fiscal 2015 through 2019, $500,000 of the 18.0% dedication is distributed to communities within three miles of Laurel Race Course, resulting in $89,300 for Howard County, an additional $357,100 for Anne Arundel County, and $53,600 for the City of Laurel in each of these five fiscal years. Upon issuance of a Prince George's County license, 5.0% of table game revenues will be distributed to local jurisdictions where a video lottery facility is located. VLT local impact grants total $38.9 million in fiscal 2016, an increase of $2.0 million or 5.5%.

Disparity Grants: Disparity grants address the differences in the abilities of counties to raise revenues from the local income tax, which is the third largest revenue source for counties after State aid and property taxes. Through fiscal 2011, counties with per capita local income tax revenues less than 75.0% of the State's average received grants. Aid received by a county equaled the dollar amount necessary to raise the county's per capita income tax revenues to 75.0% of the State average. The BRFA of 2009 (Chapter 487) included a provision, beginning in fiscal 2011 that capped each county's funding under the program at the fiscal 2010 level. The BRFA of 2013 (Chapter 425) modified the formula to add a minimum grant amount based on local tax effort of eligible counties and increased from 2.4% to 2.6% the local income tax rate required to be eligible to receive a grant. In January 2015, BPW reduced fiscal 2015 disparity grant funding by $8.0 million, making funding level with fiscal 2014 at $127.7 million. Disparity grant funding totals $129.8 million in fiscal 2016.

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

State Aid

County Level Detail

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

Direct Aid and Retirement Payments

Direct Aid: The State distributes aid or shares revenue with the counties, municipalities, and Baltimore City through over 40 different programs. The fiscal 2016 State budget includes $6.4 billion to fund these programs. Part A, Section 1 of each county's statistical tables compares aid distributed to the county in fiscal 2015 and 2016.

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 $790.4 million in fiscal 2016. 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 2016 allocation estimates of general and special fund appropriations for health services, social services, and senior citizen services.

Health Services: The Department of Health and Mental Hygiene, through its various administrations, funds in whole or part community health programs that are provided in the local subdivisions. These programs are described below. General fund spending totals $1.2 billion statewide for these programs in fiscal 2016. This includes $32.0 million that the General Assembly, in the budget as adopted, designated for health services, but spending those funds is at the discretion of the Governor. In addition, $74.1 million in special funds, primarily from the Cigarette Restitution Fund (CRF), will also be spent on these programs in fiscal 2016. 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 last year 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 2016 budget includes $575.9 million in general funds and $29.2 million in special funds for these programs. In addition, the budget includes $734.3 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 2016 funding for these programs totals $37.1 million in general funds and $171.2 million in federal funds, much of which is for the Women, Infants and Children program. In addition, the budget includes $44.9 million from the CRF for tobacco use prevention and cessation and for cancer prevention and screening at the local level.

- ***Medical Care Services:*** The Medical Care Programs Administration provides support for the local health departments and funding for community-based programs that serve senior citizens. The geriatric services include operating grants to adult day care centers and an evaluation program administered by the local health departments to assess the physical and mental health needs of elderly individuals. This category also includes grants to local health departments related to eligibility determination for the Medicaid and Children's Health programs, transportation services for Medicaid recipients in nonemergency situations, and coordination and outreach services for Medicaid and special needs populations in the HealthChoice program. The fiscal 2016 funding for these programs totals $30.3 million in general funds and $37.0 million in federal funds.

- ***Developmental Disabilities:*** The Developmental Disabilities Administration's community-based programs include residential services, day programs, transportation services, summer recreation for children, individual and family support services, including respite care, individual family care, behavioral support services, and community supported living arrangements. The fiscal 2016 budget includes $559.4 million in general funds and $456.6 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 2016 estimates of funding for those programs that are available by subdivision. Note that fiscal 2016 funding for both homeless and women's services is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2015 funding and may change.

- ***Homeless Services:*** The State funds programs which provide emergency and transitional housing, food, and transportation for homeless families and individuals. Funding is available by county for the housing counselor, service-linked housing, and emergency and transitional housing programs. The fiscal 2016 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 2016 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 2016 budget includes $9.5 million in general funds and $36.3 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 2016 budget includes $171.4 million in general funds and $54.8 million in federal funds.

Senior Citizen Services: The Department of Aging funds a variety of services for senior citizens mostly through local area agencies on aging. In Part B of each county, these programs have been combined into two broad categories: long-term care and community services. The total fiscal 2016 funding is $14.0 million in general funds and $22.6 million in federal funds. In this report, the fiscal 2016 general funds are allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2015 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 2016 funding is $9.6 million in general funds.

- ***Community Services:*** Included in this category are the senior information and assistance program and the senior nutrition program. Also included is a hold harmless grant for

certain counties that received less federal funding under the Older Americans Act when the 2000 census population figures were factored into the funding formula. Fiscal 2016 funding for these programs totals $4.4 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 2016 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 2016. 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 2016 budget includes $280.0 million in funding for local school construction. As of the publication of this report, $187.5 million of the total funding has been allocated to specific projects. These projects are listed in part C for each county. In addition, the capital budget includes $20.0 million for school construction projects contingent on the enactment of ***HB 923/SB 490 (both passed)*** which establishes a capital grant program for school systems with significant enrollment growth or relocatable classrooms. The additional funding is shown in this report for the five counties that would qualify for grants under the legislation.

Capital Projects for State Facilities Located in the County: Part D for each county shows capital projects, authorized by the fiscal 2016 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 2016, but the actual projects funded could be different. This report does not include transportation projects.

Allegany County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$40,198	$40,659	$461	1.1
	Compensatory Education	20,724	21,216	493	2.4
	Student Transportation	4,495	4,586	91	2.0
	Special Education	6,518	6,986	468	7.2
	Limited English Proficiency Grants	85	91	6	6.6
	Guaranteed Tax Base	3,477	3,235	-241	-6.9
	Adult Education	170	170	0	0.0
	Aging Schools	98	98	0	0.0
	Other Education Aid	798	852	54	6.8
	Primary & Secondary Education	**$76,562**	**$77,893**	**$1,331**	**1.7**
	Libraries	744	752	8	1.1
	Community Colleges	6,113	6,202	89	1.5
	Health Formula Grant	1,051	1,146	95	9.0
*	Transportation	1,841	2,043	202	11.0
*	Police and Public Safety	868	822	-47	-5.4
*	Fire and Rescue Aid	264	303	39	14.7
	Recreation and Natural Resources	568	602	35	6.1
	Disparity Grant	7,299	7,299	0	0.0
	Teachers Retirement Supplemental Grant	1,632	1,632	0	0.0
	Video Lottery Terminal Impact Aid	1,206	1,096	-110	-9.1
*	Other Direct Aid	0	203	203	n/a
	Total Direct Aid	**$98,146**	**$99,991**	**$1,845**	**1.9**
	Aid Per Capita ($)	1,345	1,371	25	1.9
	Property Tax Equivalent ($)	2.52	2.59	0.07	2.6

* 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 2016 State payments for Allegany County for teachers, librarians, and community college faculty are estimated to be $9,183,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$615,000
Family Health and Chronic Disease	563,000
Developmental Disabilities	8,830,000
Behavioral Health Services	13,161,000
Social Services	
Homeless Services	64,000
Women's Services	211,000
Adult Services	155,000
Child Welfare Services	3,313,000
Senior Citizen Services	
Long-term Care	179,000
Community Services	154,000

C. Selected State Grants for Capital Projects

Public Schools

Allegany High School – construction	$8,120,000

Public Libraries

South Cumberland Library – renovation	800,000

Allegany Community College

Technologies Building – ADA and HVAC upgrades	109,000

Chesapeake Bay Water Quality Projects

Frostburg Combined Sewer – overflow improvements	1,474,000
La Vale Mechanic Street Interceptor – sewer rehabilitation	650,000
Wrights Crossing Pump Station – improvements	1,000,000

Mining Remediation Program

Matthew Run – acid mine drainage remediation	123,000
Upper George's Creek – stream sealing	125,000
Winebrenner Run – acid mine drainage remediation	252,000

Other Projects

Allegany County Animal Shelter	150,000
Allegany Museum	475,000
Canal Place – Footer Dye Works	1,150,000
Cumberland – Washington Street period lighting project	93,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

C&O Canal National Park – boating facilities maintenance	$50,000
Rocky Gap State Park – boating facility improvements	25,000

Maryland Environmental Service

Rocky Gap State Park – wastewater treatment plant improvements	1,461,000
Rocky Gap State Park – water treatment plant	1,800,000
Western Correctional Institution – wastewater pump station improvements	750,000

Maryland Department of Veterans Affairs

Rocky Gap Veterans Cemetery – expansion	80,000
Rocky Gap Veterans Cemetery – expansion (federal funds)	3,811,000

University System of Maryland

Frostburg State – Public Safety Facility	5,105,000

Anne Arundel County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$199,978	$205,252	$5,274	2.6
	Compensatory Education	63,083	68,048	4,966	7.9
	Student Transportation	22,026	22,801	775	3.5
	Special Education	23,958	25,488	1,530	6.4
	Limited English Proficiency Grants	9,669	10,703	1,034	10.7
	Geographic Cost of Education Index	9,407	9,673	266	2.8
	Adult Education	313	313	0	0.0
	Aging Schools	506	506	0	0.0
	Other Education Aid	1,108	1,723	615	55.5
	Primary & Secondary Education	**$330,046**	**$344,507**	**$14,461**	**4.4**
	Libraries	2,101	2,138	37	1.8
	Community Colleges	30,990	30,693	-297	-1.0
	Health Formula Grant	3,507	3,837	330	9.4
*	Transportation	4,508	5,046	538	11.9
*	Police and Public Safety	6,850	6,576	-274	-4.0
*	Fire and Rescue Aid	951	1,093	142	15.0
	Recreation and Natural Resources	2,306	2,640	334	14.5
	Video Lottery Terminal Impact Aid	18,331	18,081	-250	-1.4
*	Other Direct Aid	95	353	258	272.6
	Total Direct Aid	**$399,685**	**$414,964**	**$15,279**	**3.8**
	Aid Per Capita ($)	714	741	27	3.8
	Property Tax Equivalent ($)	0.51	0.52	0.00	0.8

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Anne Arundel County for teachers, librarians, and community college faculty are estimated to be $68,819,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$2,115,000
Family Health and Chronic Disease	1,258,000
Developmental Disabilities	36,877,000
Behavioral Health Services	35,797,000
Social Services	
Homeless Services	158,000
Women's Services	324,000
Adult Services	143,000
Child Welfare Services	8,801,000
Senior Citizen Services	
Long-term Care	631,000
Community Services	165,000

C. Selected State Grants for Capital Projects

Public Schools

Benfield Elementary School – construction	$1,782,000
Broadneck High School – renovations (HVAC)	1,124,000
Eastport Elementary School – kindergarten addition	1,060,000
Georgetown East Elementary School – kindergarten addition	1,287,000
Glen Burnie High School – construction	1,880,000
MacArthur Middle School – renovations (HVAC/windows/ceiling/lighting)	6,048,000
Magothy River Middle School – renovations (HVAC)	846,000
Severn River Middle School – renovations (HVAC)	564,000
West Annapolis Elementary School – construction	1,168,000
West Meade Early Education Center – kindergarten addition	941,000
Additional funding contingent on HB 923/SB 490	3,046,267

Public Libraries

Broadneck Library – renovation	30,000

Community Parks and Playgrounds

Highland Beach Park	36,000

Waterway Improvement

Annapolis – citywide harbor improvements	50,000
Church Creek – main channel dredging	249,850
Marley Creek – main channel dredging	307,375
Pocahontas Creek – dredging	155,000
Rock Creek – main channel dredging	88,000
Upper Magothy River – main channel dredging	284,625

Hazardous Substance Cleanup Program

Lindamoore Lane – well contamination	100,000
Lusby Crossroads – groundwater contamination	100,000

Other Projects

Broadneck High School – field house	210,000
Chesapeake Arts Center	150,000
Girl Scouts of Central Maryland – Camp Woodlands	250,000
Glen Burnie Masonic Lodge 213	150,000
Harambee House Community Outreach Center	125,000
James Brice House	250,000
Maryland Hall for the Creative Arts	2,000,000
National Cryptological Museum	1,000,000
Pasadena Baseball Club	50,000
Samaritan House	100,000
Southern High School – athletic facilities	20,000

D. Capital Projects for State Facilities in the County

General Government

State House and State House Complex – historic repairs and renovations	$250,000

Department of Public Safety and Correctional Services

Dorsey Run Correctional Facility – construction	3,495,000

Baltimore City

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$406,108	$407,466	$1,357	0.3
Compensatory Education	327,714	322,246	-5,468	-1.7
Student Transportation	19,168	19,504	337	1.8
Special Education	73,578	70,110	-3,468	-4.7
Limited English Proficiency Grants	17,323	19,447	2,123	12.3
Guaranteed Tax Base	39,427	31,420	-8,006	-20.3
Geographic Cost of Education Index	22,863	23,220	357	1.6
Adult Education	1,791	1,791	0	0.0
Aging Schools	1,388	1,388	0	0.0
Other Education Aid	4,227	3,061	-1,166	-27.6
Primary & Secondary Education	**$913,587**	**$899,653**	**-$13,935**	**-1.5**
Libraries	6,053	6,096	43	0.7
Health Formula Grant	7,449	8,149	700	9.4
Transportation	136,482	138,175	1,694	1.2
Police and Public Safety	10,368	10,368	0	0.0
Fire and Rescue Aid	1,070	1,225	155	14.5
Recreation and Natural Resources	9,287	3,814	-5,473	-58.9
Disparity Grant	79,052	79,052	0	0.0
Teachers Retirement Supplemental Grant	10,048	10,048	0	0.0
Video Lottery Terminal Impact Aid	9,867	11,984	2,118	21.5
Other Direct Aid	1,084	1,044	-41	-3.8
Total Direct Aid	**$1,184,345**	**$1,169,607**	**-$14,738**	**-1.2**
Aid Per Capita ($)	1,902	1,878	-24	-1.2
Property Tax Equivalent ($)	3.30	3.29	-0.01	-0.4

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Baltimore City for teachers, librarians, and community college faculty are estimated to be $67,977,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$8,142,000
Family Health and Chronic Disease	6,389,000
Developmental Disabilities	59,034,000
Behavioral Health Services	175,218,000
Social Services	
Homeless Services	1,577,000
Women's Services	778,000
Adult Services	1,948,000
Child Welfare Services	69,026,000
Senior Citizen Services	
Long-term Care	1,907,000
Community Services	1,008,000

C. Selected State Grants for Capital Projects

Public Schools

Baltimore Polytechnic Institute #403 – renovations (roof)	$1,122,000
Commodore John Rodgers Elementary/Middle School – renovations (roof)	1,200,000
Federal Hill Preparatory School #45 – renovations (roof/fire safety)	2,064,000
Hampstead Hill Academy #47 – renovations (HVAC)	280,000
Highlandtown Elementary/Middle School #215 – renovations (roof)	484,000
James McHenry Elementary/Middle School – renovations (roof/fire safety)	2,116,000
Rosemont Elementary/Middle School #63 – renovations (roof)	812,000
Western High School #407 – renovations (roof)	1,603,000
William S. Baer School #301 – renovations (HVAC)	3,600,000
Windsor Hills Elementary/Middle School #87 – renovations (windows)	825,000
Woodhome Elementary/Middle School #205 – renovations (roof)	1,581,000
Yorkwood Elementary School #219 – renovations (fire safety)	700,000

Community Health Facilities Grant Program

Aids Interfaith Residential Services/Empire Homes of Maryland, Inc.	478,000
Comprehensive Housing Assistance, Inc.	634,000
Marian House	750,000
People Encouraging People, Inc.	735,000

Federally Qualified Health Centers Grant Program

Total Health Care, Inc.	126,000

Shelter and Transitional Facilities

Gaudenzia Park Heights	925,000

Community Parks and Playgrounds

Vincent Street Playground	180,000

Chesapeake Bay Water Quality Projects

Back River WWTP – nutrient removal	26,500,000
High Level Sewershed – improvements	233,000

Chesapeake Bay Restoration Fund

Back River WWTP – enhanced nutrient removal	80,000,000

Water Supply Financial Assistance Program

Fullerton – water reservoir	1,500,000

Hazardous Substance Cleanup Program

Chemical Metals, Inc. – indoor air and water quality improvements	150,000

African American Heritage Preservation Grant Program

Ebenezer A.M.E. Church and Parish House	100,000

Other Projects

A Step Forward, Inc. – multi-family low-income housing project	50,000
Alpha Phi Alpha Fraternity – Corporate Headquarters	50,000
Associated Jewish Charities of Baltimore – elder abuse shelter and office	50,000
Baltimore Arts Realty Corp. – Open Works Center for Advanced Fabrication	500,000
Baltimore Museum of Art	1,000,000
Baltimore Zoo – infrastructure improvements	5,000,000
Banner Neighborhoods Community Center	75,000
Behavioral Health System – Stabilization Center	3,600,000
Blessed Sacrament Supportive Housing	75,000
Cherry Hill Early Head Start	50,000
Clarence H. "Du" Burns Memorial	200,000
Downtown Partnership – McKeldin Plaza	1,000,000
East Baltimore Biotechnology Park	5,000,000
Economic Empowerment Community Center	100,000
Govens Ecumenical Development Corporation – Stadium Place	500,000
Habitat for Humanity of the Chesapeake	100,000
In For Of, Inc.	50,000
Johns Hopkins University – Bloomberg School of Public Health	3,200,000
Kennedy Krieger Institute	2,000,000
League for People with Disabilities, Inc.	100,000
Liberty Elementary Early Childhood Center	45,000
Maryland School for the Blind – construction	6,500,000
Men and Families Center	250,000
Mercy Medical Center, Inc.	1,900,000
Moveable Feast	175,000
New City of Hope Community Center	100,000
Niarchos Parkway Film Center	2,000,000
North Avenue Gateway	25,000
Notre Dame of Maryland University – Gibbons Hall	3,200,000

Orianda Mansion	200,000
Pigtown Main Street, Inc. – facade restoration	25,000
Port Discovery	250,000
Sinai Hospital	2,000,000
Sports Legends Museum	250,000
St. Elizabeth School – indoor playground	125,000
Stadium Square	500,000
TuTTie's Place	40,000
Walters Art Museum	1,000,000

D. Capital Projects for State Facilities in the City

Department of Public Safety and Correctional Services

Youth Detention Center	$21,630,000

Department of Education

State Library Resource Center – renovation	16,850,000

Morgan State University

Campuswide – utility upgrades	4,613,000
Jenkins Behavioral and Social Sciences Center	31,007,000

University System of Maryland

Baltimore – Health Sciences Research Facility	81,550,000

Other

University of Maryland Medical Center – Midtown Campus	750,000
University of Maryland Medical System – neonatal intensive care unit	6,000,000
University of Maryland Medical System – shock trauma center	5,500,000

Baltimore County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$357,702	$374,559	$16,856	4.7
Compensatory Education	135,833	144,159	8,327	6.1
Student Transportation	29,035	29,834	799	2.8
Special Education	46,120	48,393	2,273	4.9
Limited English Proficiency Grants	13,358	14,386	1,029	7.7
Geographic Cost of Education Index	5,727	5,892	165	2.9
Adult Education	549	549	0	0.0
Aging Schools	874	874	0	0.0
Other Education Aid	5,372	4,948	-424	-7.9
Primary & Secondary Education	**$594,571**	**$623,594**	**$29,023**	**4.9**
Libraries	5,327	5,545	219	4.1
Community Colleges	41,218	41,519	301	0.7
Health Formula Grant	4,812	5,270	458	9.5
Transportation	4,400	4,986	586	13.3
Police and Public Safety	9,929	12,010	2,080	20.9
Fire and Rescue Aid	1,348	1,544	196	14.5
Recreation and Natural Resources	2,532	2,919	387	15.3
Teachers Retirement Supplemental Grant	3,000	3,000	0	0.0
Other Direct Aid	3	177	174	5965.9
Total Direct Aid	**$667,141**	**$700,564**	**$33,423**	**5.0**
Aid Per Capita ($)	807	847	40	5.0
Property Tax Equivalent ($)	0.86	0.88	0.03	3.4

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Baltimore County for teachers, librarians, and community college faculty are estimated to be $93,361,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$3,864,000
Family Health and Chronic Disease	1,916,000
Developmental Disabilities	104,603,000
Behavioral Health Services	70,384,000
Social Services	
Homeless Services	197,000
Women's Services	793,000
Adult Services	585,000
Child Welfare Services	12,114,000
Senior Citizen Services	
Long-term Care	1,407,000
Community Services	262,000

C. Selected State Grants for Capital Projects

Public Schools

Carney Elementary School – renovations (air conditioning)	$1,100,000
Catonsville Elementary School – construction	9,818,000
Chase Elementary School – renovations (air conditioning)	1,679,000
Halstead Academy – renovations (air conditioning)	1,791,000
Joppa View Elementary School – renovations (air conditioning)	500,000
Pleasant Plains Elementary School – renovations (air conditioning)	588,000
Villa Cresta Elementary School – renovations (air conditioning)	1,716,000
Westchester Elementary School – construction	608,000
Additional funding contingent on HB 923/SB 490	4,174,585

Public Libraries

Randallstown Library – renovation	170,000

Baltimore Community College

Catonsville – Hilton Mansion rehabilitation	1,756,000
Catonsville – Wellness and Athletics Center dome roof replacement	600,000

Senior Centers Grant Program

Ateaze and Overlea Senior Centers	131,000

Chesapeake Bay Water Quality Projects

Back River WWTP – nutrient removal	26,500,000

Chesapeake Bay Restoration Fund

Back River WWTP – enhanced nutrient removal	80,000,000

Water Supply Financial Assistance Program

Fullerton – water reservoir	1,500,000

Waterway Improvement

Bird River and Railroad Creek – main channel dredging	45,000

African American Heritage Preservation Grant Program

Piney Grove United Methodist Church and School House	100,000

Other Projects

Angel Park	200,000
Baltimore County – highway and street infrastructure improvements	1,000,000
Gilead House	65,000
Good Shepherd Center	100,000
Greenspring Montessori School	75,000
Lake Roland Education Center	200,000
Lutherville Volunteer Fire Company	125,000
National Center on Institutions and Alternatives	450,000
Pikesville Volunteer Fire Company	250,000
Randallstown High School	500,000
White Marsh Volunteer Fire Company	150,000

D. Capital Projects for State Facilities in the County

Maryland State Police

Flight Training Facility	$2,100,000

Department of Natural Resources

Gunpowder Falls State Park – Dundee Creek Marina	75,000

University System of Maryland

Baltimore County – Event Center	31,200,000
Baltimore County – Fine Arts Building	2,120,000
Baltimore County – Interdisciplinary Life Sciences Building	6,000,000
Baltimore County – residence hall renovations	5,900,000
Towson University – Burdick Hall recreation building addition	16,900,000
Towson University – residence tower renovation	2,960,000
Towson University – West Village Housing	4,000,000

Calvert County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$57,306	$56,384	-$922	-1.6
Compensatory Education	10,771	10,488	-283	-2.6
Student Transportation	5,589	5,690	100	1.8
Special Education	4,409	4,450	41	0.9
Limited English Proficiency Grants	434	451	17	3.9
Geographic Cost of Education Index	2,279	2,277	-2	-0.1
Adult Education	225	225	0	0.0
Aging Schools	38	38	0	0.0
Other Education Aid	838	848	9	1.1
Primary & Secondary Education	**$81,890**	**$80,850**	**-$1,040**	**-1.3**
Libraries	385	410	24	6.3
Community Colleges	2,480	2,496	16	0.7
Health Formula Grant	426	466	41	9.6
* Transportation	1,103	1,238	135	12.2
* Police and Public Safety	775	740	-35	-4.5
* Fire and Rescue Aid	234	268	34	14.5
Recreation and Natural Resources	224	256	32	14.5
* Other Direct Aid	1,020	1,297	277	27.1
Total Direct Aid	**$88,536**	**$88,021**	**-$515**	**-0.6**
Aid Per Capita ($)	977	971	-6	-0.6
Property Tax Equivalent ($)	0.72	0.72	-0.01	-0.9

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Calvert County for teachers, librarians, and community college faculty are estimated to be $14,891,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$349,000
Family Health and Chronic Disease	480,000
Developmental Disabilities	7,252,000
Behavioral Health Services	5,593,000
Social Services	
Homeless Services	22,000
Women's Services	105,000
Adult Services	69,000
Child Welfare Services	1,452,000
Senior Citizen Services	
Long-term Care	122,000
Community Services	20,000

C. Selected State Grants for Capital Projects

Public Schools

Northern High School – construction	$6,240,000

College of Southern Maryland

Campuswide – technology infrastructure upgrades	4,243,000

Waterway Improvement

North Beach – pier dredging	232,750

African American Heritage Preservation Grant Program

Kings Landing Park/Camp Mohawk	73,000

Other Projects

Calvert Soccer Association, Inc.	100,000
North Beach – flood mitigation project	50,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Hallowing Point State Park – boating facility improvements	$105,000
Jefferson Patterson Park and Museum – pier replacement	99,000

Maryland Department of Planning

Jefferson Patterson Park and Museum – St. Leonard's Creek shoreline	261,000

University System of Maryland

Center for Environ. Science – Environmental Sustainability Research Lab	4,531,000

Caroline County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$26,527	$27,283	$756	2.9
	Compensatory Education	13,702	14,088	386	2.8
	Student Transportation	2,555	2,635	80	3.1
	Special Education	2,620	2,587	-33	-1.2
	Limited English Proficiency Grants	1,544	1,825	281	18.2
	Guaranteed Tax Base	866	908	42	4.9
	Aging Schools	50	50	0	0.0
	Other Education Aid	733	816	83	11.3
	Primary & Secondary Education	**$48,598**	**$50,193**	**$1,595**	**3.3**
	Libraries	270	278	9	3.2
	Community Colleges	1,622	1,675	53	3.3
	Health Formula Grant	597	652	54	9.1
*	Transportation	957	1,077	120	12.5
*	Police and Public Safety	337	328	-10	-2.9
*	Fire and Rescue Aid	242	276	33	13.8
	Recreation and Natural Resources	159	174	15	9.5
	Disparity Grant	2,132	2,132	0	0.0
	Teachers Retirement Supplemental Grant	685	685	0	0.0
*	Other Direct Aid	0	59	59	n/a
	Total Direct Aid	**$55,600**	**$57,528**	**$1,928**	**3.5**
	Aid Per Capita ($)	1,709	1,768	59	3.5
	Property Tax Equivalent ($)	2.13	2.24	0.11	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 2016 State payments for Caroline County for teachers, librarians, and community college faculty are estimated to be $4,714,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$276,000
Family Health and Chronic Disease	527,000
Developmental Disabilities	7,785,000
Behavioral Health Services	4,656,000
Social Services	
Homeless Services	34,000
Women's Services	19,000
Adult Services	75,000
Child Welfare Services	1,349,000
Senior Citizen Services	
Long-term Care	354,000
Community Services	127,000

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

C. Selected State Grants for Capital Projects

Public Schools

Preston Elementary School – construction	$2,000,000

Community Parks and Playgrounds

Marydel Community Park	193,000

Waterway Improvement

Federalsburg – channel dredging	161,250

African American Heritage Preservation Grant Program

Community Civic League of Federalsburg/Laurel Grove Road School	98,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Martinak State Park – bulkhead replacement and parking area resurfacing	$150,000

Carroll County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$95,863	$93,925	-$1,937	-2.0
Compensatory Education	14,225	14,568	344	2.4
Student Transportation	9,468	9,658	190	2.0
Special Education	10,018	9,776	-242	-2.4
Limited English Proficiency Grants	712	859	147	20.6
Geographic Cost of Education Index	2,492	2,483	-9	-0.4
Adult Education	184	184	0	0.0
Aging Schools	137	137	0	0.0
Other Education Aid	1,448	821	-627	-43.3
Primary & Secondary Education	**$134,546**	**$132,411**	**-$2,136**	**-1.6**
Libraries	902	929	27	3.0
Community Colleges	8,114	8,310	196	2.4
Health Formula Grant	1,371	1,498	127	9.3
* Transportation	2,573	2,914	341	13.3
* Police and Public Safety	1,588	1,506	-82	-5.2
* Fire and Rescue Aid	302	346	44	14.6
Recreation and Natural Resources	539	616	77	14.3
* Other Direct Aid	0	17	17	n/a
Total Direct Aid	**$149,934**	**$148,546**	**-$1,388**	**-0.9**
Aid Per Capita ($)	893	885	-8	-0.9
Property Tax Equivalent ($)	0.81	0.80	-0.02	-1.9

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Carroll County for teachers, librarians, and community college faculty are estimated to be $21,766,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$586,000
Family Health and Chronic Disease	652,000
Developmental Disabilities	14,358,000
Behavioral Health Services	11,122,000
Social Services	
Homeless Services	60,000
Women's Services	160,000
Adult Services	61,000
Child Welfare Services	2,596,000
Senior Citizen Services	
Long-term Care	256,000
Community Services	60,000

C. Selected State Grants for Capital Projects

Public Schools

Career and Technology Center – renovations (roof)	$1,369,000
South Carroll High School – renovations (roof)	2,142,000
Westminster Elementary School – renovations (roof)	907,000
Westminster High School – renovations (roof)	1,600,000

Community Health Facilities Grant Program

Access Carroll, Inc.	378,000

Community Parks and Playgrounds

Hampstead Municipal Park	59,000

African American Heritage Preservation Grant Program

Sykesville Colored School	15,000

Other Projects

The Arc of Carroll County	150,000

D. Capital Projects for State Facilities in the County

Department of Juvenile Services

Female Detention Center – construction	$2,525,000

Maryland Environmental Service

Freedom District WWTP – improvements	1,131,000
Juvenile Services Female Detention Center – water and sewer utilities	400,000

Military

Freedom Readiness Center	1,300,000

Cecil County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$64,147	$63,517	-$630	-1.0
	Compensatory Education	21,835	22,052	217	1.0
	Student Transportation	4,996	5,062	66	1.3
	Special Education	7,607	7,742	134	1.8
	Limited English Proficiency Grants	612	716	104	17.0
	Guaranteed Tax Base	569	100	-469	-82.5
	Adult Education	313	313	0	0.0
	Aging Schools	96	96	0	0.0
	Other Education Aid	924	926	2	0.3
	Primary & Secondary Education	**$101,099**	**$100,524**	**-$ 575**	**-0.6**
	Libraries	719	740	20	2.8
	Community Colleges	5,845	5,980	135	2.3
	Health Formula Grant	899	982	83	9.3
*	Transportation	1,431	1,604	173	12.1
*	Police and Public Safety	997	963	-34	-3.4
*	Fire and Rescue Aid	241	281	40	16.5
	Recreation and Natural Resources	351	390	39	11.1
	Disparity Grant	299	307	7	2.5
	Video Lottery Terminal Impact Aid	3,631	3,723	93	2.6
*	Other Direct Aid	0	83	83	n/a
	Total Direct Aid	**$115,511**	**$115,576**	**$65**	**0.1**
	Aid Per Capita ($)	1,128	1,129	1	0.1
	Property Tax Equivalent ($)	1.20	1.18	-0.01	-0.9

* 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 2016 State payments for Cecil County for teachers, librarians, and community college faculty are estimated to be $13,775,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$524,000
Family Health and Chronic Disease	527,000
Developmental Disabilities	7,615,000
Behavioral Health Services	9,331,000
Social Services	
Homeless Services	40,000
Women's Services	91,000
Adult Services	93,000
Child Welfare Services	2,910,000
Senior Citizen Services	
Long-term Care	133,000
Community Services	42,000

C. Selected State Grants for Capital Projects

Public Schools

Cecil School of Technology – construction	$242,470
Conowingo Elementary School – renovations (roof)	218,000
Perryville Elementary School – construction	2,828,250

Community Parks and Playgrounds

Avalon Park	90,000

Water Supply Financial Assistance Program

Chesapeake City – water storage tank	831,000

Waterway Improvement

Charlestown – dredge material site remediation	20,000

Other Projects

Cecil County Farm Museum	25,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Elk Neck State Park – improvements	$2,384,000
Elk Neck State Park – Rogues Harbor breakwater design	100,000

Charles County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$107,314	$107,266	-$48	0.0
Compensatory Education	28,929	30,265	1,336	4.6
Student Transportation	10,261	10,548	288	2.8
Special Education	8,666	9,070	404	4.7
Limited English Proficiency Grants	1,126	1,312	186	16.5
Geographic Cost of Education Index	3,502	3,534	33	0.9
Adult Education	458	458	0	0.0
Aging Schools	50	50	0	0.0
Other Education Aid	1,467	1,671	205	14.0
Primary & Secondary Education	**$161,772**	**$164,174**	**$2,402**	**1.5**
Libraries	920	967	46	5.0
Community Colleges	8,420	8,546	126	1.5
Health Formula Grant	1,109	1,212	104	9.3
* Transportation	1,612	1,795	183	11.4
* Police and Public Safety	1,301	1,255	-46	-3.5
* Fire and Rescue Aid	289	335	47	16.2
Recreation and Natural Resources	789	855	66	8.4
* Other Direct Aid	0	21	21	n/a
Total Direct Aid	**$176,211**	**$179,161**	**$2,950**	**1.7**
Aid Per Capita ($)	1,139	1,158	19	1.7
Property Tax Equivalent ($)	1.08	1.09	0.01	1.1

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Charles County for teachers, librarians, and community college faculty are estimated to be $23,064,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$573,000
Family Health and Chronic Disease	800,000
Developmental Disabilities	6,728,000
Behavioral Health Services	11,076,000
Social Services	
Homeless Services	57,000
Women's Services	151,000
Adult Services	96,000
Child Welfare Services	3,545,000
Senior Citizen Services	
Long-term Care	151,000
Community Services	18,000

C. Selected State Grants for Capital Projects

Public Schools

Benjamin Stoddert Middle School – renovations (roof top unit/boiler)	$1,080,000
Daniel of St. Thomas Jenifer Elementary School – kindergarten addition	500,000
Mary H. Matula Elementary School – kindergarten addition	600,000
St. Charles High School – construction	6,770,000

College of Southern Maryland

Campuswide – technology infrastructure upgrades	4,243,000

Community Parks and Playgrounds

Tilghman Lake Park	90,000

Water Supply Financial Assistance Program

Jenkins Lane – water system	167,000

African American Heritage Preservation Grant Program

Old Pomonkey High School	95,000

Other Projects

Benedict Volunteer Fire Department and Rescue Squad	300,000
Lions Camp Merrick	150,000
Southern Maryland Carousel	150,000

D. Capital Projects for State Facilities in the County

Maryland Environmental Service

Southern Maryland Pre-Release Unit – wastewater treatment plant	$715,000

Dorchester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$20,941	$21,791	$850	4.1
Compensatory Education	10,678	11,522	844	7.9
Student Transportation	2,384	2,463	79	3.3
Special Education	1,515	1,684	169	11.2
Limited English Proficiency Grants	505	613	107	21.2
Guaranteed Tax Base	402	663	261	64.8
Aging Schools	38	38	0	0.0
Other Education Aid	1,282	1,340	58	4.5
Primary & Secondary Education	**$37,745**	**$40,113**	**$2,368**	**6.3**
Libraries	252	263	11	4.3
Community Colleges	1,214	1,248	34	2.8
Health Formula Grant	488	532	44	9.1
* Transportation	1,077	1,196	119	11.1
* Police and Public Safety	382	365	-17	-4.6
* Fire and Rescue Aid	243	295	51	21.1
Recreation and Natural Resources	195	207	12	6.1
Disparity Grant	2,023	2,023	0	0.0
Teachers Retirement Supplemental Grant	309	309	0	0.0
Total Direct Aid	**$43,929**	**$46,551**	**$2,622**	**6.0**
Aid Per Capita ($)	1,348	1,429	80	6.0
Property Tax Equivalent ($)	1.52	1.62	0.10	6.8

* 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 2016 State payments for Dorchester County for teachers, librarians, and community college faculty are estimated to be $3,836,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$335,000
Family Health and Chronic Disease	501,000
Developmental Disabilities	2,913,000
Behavioral Health Services	6,561,000
Social Services	
Homeless Services	21,000
Women's Services	19,000
Adult Services	99,000
Child Welfare Services	1,593,000
Senior Citizen Services	
Long-term Care	529,000
Community Services	305,000

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

C. Selected State Grants for Capital Projects

Senior Centers Grant Program

Chesapeake Grove – Senior Housing and Intergenerational Center	$81,000

Community Parks and Playgrounds

Great Marsh Park	124,000

Waterway Improvement

Cambridge – bulkhead replacement	100,000
Golden Hill – boat ramp bulkhead replacement	99,000
Public boating facilities – countywide maintenance	99,000
Slaughter Creek – channel dredging	50,000

African American Heritage Preservation Grant Program

Christ Rock Methodist Episcopal Church	100,000

Other Projects

Chesapeake Grove – Senior Housing and Intergenerational Center	100,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Cambridge Marine Terminal – bulkhead replacement	$150,000

Frederick County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$157,127	$157,969	$842	0.5
Compensatory Education	32,535	33,604	1,069	3.3
Student Transportation	11,878	12,192	314	2.6
Special Education	15,385	15,428	43	0.3
Limited English Proficiency Grants	6,744	7,055	311	4.6
Geographic Cost of Education Index	6,499	6,618	120	1.8
Adult Education	503	503	0	0.0
Aging Schools	183	183	0	0.0
Other Education Aid	2,119	1,478	-641	-30.2
Primary & Secondary Education	**$232,973**	**$235,030**	**$2,058**	**0.9**
Libraries	1,334	1,360	27	2.0
Community Colleges	9,869	9,926	57	0.6
Health Formula Grant	1,685	1,841	157	9.3
* Transportation	4,471	4,991	520	11.6
* Police and Public Safety	2,358	2,260	-99	-4.2
* Fire and Rescue Aid	427	489	63	14.7
Recreation and Natural Resources	601	671	70	11.7
* Other Direct Aid	0	123	123	n/a
Total Direct Aid	**$253,718**	**$256,693**	**$2,976**	**1.2**
Aid Per Capita ($)	1,041	1,053	12	1.2
Property Tax Equivalent ($)	0.97	0.96	-0.01	-1.1

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Frederick County for teachers, librarians, and community college faculty are estimated to be $34,986,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$729,000
Family Health and Chronic Disease	525,000
Developmental Disabilities	39,871,000
Behavioral Health Services	14,879,000
Social Services	
Homeless Services	123,000
Women's Services	286,000
Adult Services	129,000
Child Welfare Services	3,746,000
Senior Citizen Services	
Long-term Care	268,000
Community Services	76,000

C. Selected State Grants for Capital Projects

Public Schools

Frederick High School – construction	$12,187,000
Myersville Elementary School – renovations (HVAC)	200,000
New Market Middle School – renovations (boilers)	374,000
Twin Ridge Elementary School – renovations (chiller)	164,000
Valley Elementary School – renovations (roof)	544,000

Frederick Community College

Building B – reconfiguration and conversion	227,000

Community Health Facilities Grant Program

Way Station, Inc.	1,600,000

Community Parks and Playgrounds

Brunswick Sports Complex	37,000
Woodland Park	19,000

African American Heritage Preservation Grant Program

Catoctin Furnace African American Cemetery	87,000

Other Projects

Culler Lake – stormwater management	100,000
Northwest Trek Conservation and Education Center	50,000
Weinberg Center for the Arts	100,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

C&O Canal National Park – boating facilities maintenance	$50,000
Cunningham Falls State Park – boat ramp improvements	10,000
Cunningham Falls State Park – day use and beach improvements	131,000

Maryland Environmental Service

Cunningham Falls State Park – wastewater collection/water distribution	463,000
Cunningham Falls State Park – water treatment plant	350,000

Garrett County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$10,825	$10,882	$56	0.5
	Compensatory Education	4,692	4,703	11	0.2
	Student Transportation	2,882	2,936	54	1.9
	Special Education	1,083	1,011	-72	-6.6
	Limited English Proficiency Grants	8	8	0	1.4
	Adult Education	77	77	0	0.0
	Aging Schools	38	38	0	0.0
	Other Education Aid	1,374	1,166	-208	-15.2
	Primary & Secondary Education	**$20,980**	**$20,821**	**-$158**	**-0.8**
	Libraries	114	138	24	21.0
	Community Colleges	3,755	3,731	-23	-0.6
	Health Formula Grant	495	539	45	9.0
*	Transportation	1,012	1,133	121	11.9
*	Police and Public Safety	228	215	-13	-5.6
*	Fire and Rescue Aid	234	268	34	14.5
	Recreation and Natural Resources	104	120	16	14.9
	Disparity Grant	2,131	2,131	0	0.0
	Teachers Retirement Supplemental Grant	406	406	0	0.0
*	Other Direct Aid	235	529	294	124.9
	Total Direct Aid	**$29,694**	**$30,032**	**$338**	**1.1**
	Aid Per Capita ($)	1,000	1,012	11	1.1
	Property Tax Equivalent ($)	0.67	0.68	0.01	1.8

* 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 2016 State payments for Garrett County for teachers, librarians, and community college faculty are estimated to be $3,546,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$179,000
Family Health and Chronic Disease	405,000
Developmental Disabilities	2,381,000
Behavioral Health Services	3,730,000
Social Services	
Homeless Services	41,000
Women's Services	251,000
Adult Services	27,000
Child Welfare Services	1,451,000
Senior Citizen Services	
Long-term Care	123,000
Community Services	79,000

C. Selected State Grants for Capital Projects

Garrett Community College

Science, Technology, Engineering & Mathematics Building – renovation	$325,000

Community Parks and Playgrounds

Loch Lynn Community Park	238,000
Town Park	69,000

Mining Remediation Program

Upper George's Creek – stream sealing	125,000

Other Projects

Garrett County – Emergency Operations Center	50,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Deep Creek Lake State Park – dredging	$250,000
Jennings Randolph Lake – dock replacement	40,000
Mt. Nebo WMA – McCoole boat ramp improvements	50,000

Harford County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$137,404	$136,328	-$1,076	-0.8
	Compensatory Education	32,715	33,711	996	3.0
	Student Transportation	12,174	12,451	277	2.3
	Special Education	18,324	19,005	681	3.7
	Limited English Proficiency Grants	1,270	1,452	182	14.3
	Adult Education	135	135	0	0.0
	Aging Schools	217	217	0	0.0
	Other Education Aid	878	1,086	209	23.8
	Primary & Secondary Education	**$203,118**	**$204,387**	**$1,269**	**0.6**
	Libraries	1,450	1,483	33	2.3
	Community Colleges	11,211	11,370	159	1.4
	Health Formula Grant	1,936	2,116	180	9.3
*	Transportation	2,677	3,018	341	12.7
*	Police and Public Safety	2,812	2,678	-133	-4.7
*	Fire and Rescue Aid	444	509	65	14.6
	Recreation and Natural Resources	835	944	109	13.1
*	Other Direct Aid	0	126	126	n/a
	Total Direct Aid	**$224,482**	**$226,630**	**$2,148**	**1.0**
	Aid Per Capita ($)	898	906	9	1.0
	Property Tax Equivalent ($)	0.84	0.85	0.01	0.7

* 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 2016 State payments for Harford County for teachers, librarians, and community college faculty are estimated to be $30,174,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$953,000
Family Health and Chronic Disease	821,000
Developmental Disabilities	7,275,000
Behavioral Health Services	16,757,000
Social Services	
Homeless Services	93,000
Women's Services	341,000
Adult Services	125,000
Child Welfare Services	3,808,000
Senior Citizen Services	
Long-term Care	308,000
Community Services	76,000

C. Selected State Grants for Capital Projects

Public Schools

Center for Educational Opportunity – renovations (air conditioning)	$2,425,000
Churchville Elementary School – renovations (roof)	495,000
Prospect Mill Elementary School – construction	2,391,000
Youth's Benefit Elementary School – construction	3,998,000

Public Libraries

Havre de Grace Library – construction	1,000,000

Harford Community College

Campuswide – roadway improvements	634,000
Edgewood Hall – renovation and expansion	3,600,000
Regional Workforce Development Center	1,372,000

Community Health Facilities Grant Program

Key Point Health Services, Inc.	202,000

Waterway Improvement

Flying Point Park – boat ramp renovation	99,000
Gunpowder River – channel dredging	350,000
Swan Harbor Farm – pier renovation	99,000
Taylor's Creek – channel dredging	120,000

Other Projects

Agricultural Research and Exposition Foundation	150,000
Havre de Grace – regional fire and rescue boat	100,000
Ladew Topiary Gardens	100,000
Ripken Stadium	500,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Susquehanna State Park – boating facility improvements	$15,000

Military

Havre de Grace Automotive Maintenance Facility (federal funds)	8,000,000
Havre de Grace Readiness Center	625,000
Havre de Grace Readiness Center (federal funds)	12,400,000

Howard County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$153,995	$159,177	$5,182	3.4
Compensatory Education	25,818	27,734	1,917	7.4
Student Transportation	15,928	16,504	576	3.6
Special Education	13,430	14,344	914	6.8
Limited English Proficiency Grants	6,137	6,902	766	12.5
Geographic Cost of Education Index	5,313	5,474	161	3.0
Adult Education	333	333	0	0.0
Aging Schools	88	88	0	0.0
Other Education Aid	1,807	1,961	153	8.5
Primary & Secondary Education	**$222,848**	**$232,516**	**$9,669**	**4.3**
Libraries	838	869	31	3.7
Community Colleges	16,404	17,416	1,012	6.2
Health Formula Grant	1,359	1,488	129	9.5
Transportation	2,124	2,356	232	10.9
Police and Public Safety	3,567	3,485	-82	-2.3
Fire and Rescue Aid	469	538	70	14.8
Recreation and Natural Resources	1,639	1,822	183	11.2
Video Lottery Terminal Impact Aid	89	89	0	0.0
Other Direct Aid	5	79	74	1491.9
Total Direct Aid	**$249,341**	**$260,658**	**$11,317**	**4.5**
Aid Per Capita ($)	806	843	37	4.5
Property Tax Equivalent ($)	0.55	0.56	0.01	1.7

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Howard County for teachers, librarians, and community college faculty are estimated to be $60,747,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$897,000
Family Health and Chronic Disease	653,000
Developmental Disabilities	46,899,000
Behavioral Health Services	15,380,000
Social Services	
Homeless Services	79,000
Women's Services	267,000
Adult Services	25,000
Child Welfare Services	3,245,000
Senior Citizen Services	
Long-term Care	328,000
Community Services	22,000

C. Selected State Grants for Capital Projects

Public Schools

Centennial High School – renovations (roof)	$1,326,000
Deep Run Elementary School – construction	1,821,000
Manor Woods Elementary School – renovations (fire safety)	113,000
Mayfield Woods Middle School – renovations (fire safety)	150,000
Patuxent Valley Middle School – construction	7,819,000
Rockburn Elementary School – renovations (boilers)	226,000
Wilde Lake High School – renovations (roof)	1,012,000
Wilde Lake Middle School – construction	3,233,000
Additional funding contingent on HB 923/SB 490	2,068,490

Howard Community College

Nursing and Science & Technology Buildings – renovation	815,000
Science, Engineering, and Technology Building – construction	16,039,000

Community Health Facilities Grant Program

iHomes, Inc.	327,000

Other Projects

Community Action Council Food Bank	290,000
Howard County Conservancy, Inc. – Environmental Education Center	250,000
Howard County Historical Society	35,000
Merriweather Post Pavilion	2,000,000

Kent County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$3,547	$3,522	-$25	-0.7
Compensatory Education	2,648	2,626	-23	-0.9
Student Transportation	1,517	1,553	35	2.3
Special Education	761	811	50	6.5
Limited English Proficiency Grants	177	146	-31	-17.4
Geographic Cost of Education Index	137	137	0	0.1
Aging Schools	38	38	0	0.0
Other Education Aid	1,102	868	-234	-21.2
Primary & Secondary Education	**$9,927**	**$9,699**	**-$227**	**-2.3**
Libraries	81	83	2	2.3
Community Colleges	584	607	24	4.1
Health Formula Grant	383	417	34	9.0
* Transportation	586	650	65	11.0
* Police and Public Safety	203	194	-9	-4.4
* Fire and Rescue Aid	240	274	34	14.4
Recreation and Natural Resources	93	103	10	10.2
Total Direct Aid	**$12,095**	**$12,028**	**-$68**	**-0.6**
Aid Per Capita ($)	610	607	-3	-0.6
Property Tax Equivalent ($)	0.41	0.41	0.00	-0.4

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Kent County for teachers, librarians, and community college faculty are estimated to be $1,821,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$169,000
Family Health and Chronic Disease	432,000
Developmental Disabilities	1,740,000
Behavioral Health Services	5,187,000
Social Services	
Homeless Services	1,000
Women's Services	19,000
Adult Services	47,000
Child Welfare Services	754,000
Senior Citizen Services	
Long-term Care	354,000
Community Services	127,000

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

C. Selected State Grants for Capital Projects

Public Schools	
Garnett Elementary School – renovations (HVAC)	$615,000
Community Parks and Playgrounds	
Robvanary Park	83,000
Waterway Improvement	
Chestertown – bulkhead and pier replacements	200,000
Fairlee Creek – channel dredging	250,000

Montgomery County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$310,457	$322,176	$11,719	3.8
	Compensatory Education	128,619	136,728	8,109	6.3
	Student Transportation	38,091	39,787	1,696	4.5
	Special Education	52,045	54,890	2,845	5.5
	Limited English Proficiency Grants	55,599	60,287	4,688	8.4
	Geographic Cost of Education Index	34,394	35,488	1,094	3.2
	Adult Education	1,011	1,011	0	0.0
	Aging Schools	603	603	0	0.0
	Other Education Aid	4,163	4,015	-148	-3.6
	Primary & Secondary Education	**$624,983**	**$654,984**	**$30,002**	**4.8**
	Libraries	2,813	2,902	88	3.1
	Community Colleges	45,919	47,099	1,180	2.6
	Health Formula Grant	3,388	3,719	331	9.8
*	Transportation	7,638	8,698	1,060	13.9
*	Police and Public Safety	15,555	15,037	-518	-3.3
*	Fire and Rescue Aid	1,520	1,742	222	14.6
	Recreation and Natural Resources	3,432	3,878	446	13.0
*	Other Direct Aid	0	95	95	n/a
	Total Direct Aid	**$705,249**	**$738,155**	**$32,906**	**4.7**
	Aid Per Capita ($)	684	716	32	4.7
	Property Tax Equivalent ($)	0.42	0.42	0.00	0.7

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Montgomery County for teachers, librarians, and community college faculty are estimated to be $166,088,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$3,091,000
Family Health and Chronic Disease	1,589,000
Developmental Disabilities	66,333,000
Behavioral Health Services	55,827,000
Social Services	
Homeless Services	282,000
Women's Services	373,000
Adult Services	606,000
Child Welfare Services	8,266,000
Senior Citizen Services	
Long-term Care	1,301,000
Community Services	222,000

C. Selected State Grants for Capital Projects

Public Schools

Albert Einstein High School – renovations (roof)	$406,000
Beall Elementary School – renovations (HVAC)	560,000
Bradley Hills Elementary School – construction	4,305,000
Burning Tree Elementary School – renovations (HVAC)	374,000
Captain James E. Daly, Jr. Elementary School – renovations (HVAC)	461,000
Damascus High School – renovations (HVAC)	436,000
Darnestown Elementary School – construction	2,434,482
Georgian Forest Elementary School – construction	1,071,000
Highland Elementary School – renovations (HVAC)	549,000
Newport Mill Middle School – renovations (roof)	215,000
Quince Orchard High School – renovations (HVAC)	549,000
Rolling Terrace Elementary School – renovations (HVAC)	524,000
Shady Grove Middle School – renovations (HVAC)	511,000
Thurgood Marshall Elementary School – renovations (roof)	270,000
Walt Whitman High School – renovations (roof)	341,000
Washington Grove Elementary School – renovations (roof)	215,000
Weller Road Elementary School – construction	2,653,518
Wyngate Elementary School – construction	2,725,000
Additional funding contingent on HB 923/SB 490	5,916,610

Public Libraries

Davis Library – renovation	350,000
Little Falls Library – renovation	350,000

Montgomery College

Germantown – Science and Applied Studies Building	6,050,000

Local Jail Loan

County Pre-Release Center – dietary center improvements	280,000

Community Health Facilities Grant Program

Avery Road Treatment Center	104,000
Housing Unlimited, Inc.	1,600,000

Federally Qualified Health Centers Grant Program

Mary's Center for Maternal and Child Care, Inc.	1,013,000

Community Parks and Playgrounds

Colby Avenue Playground	178,000

Other Projects

Adventist HealthCare, Inc. – Adventist Behavioral Health	334,000
Adventist HealthCare, Inc. – Washington Adventist Hospital	248,000
Anne L. Bronfman Center and Misler Adult Day Center	75,000
Bethesda Graceful Growing Together Community Center	150,000
Blair Regional Park	25,000
Brooke Grove Rehabilitation and Nursing Center	150,000
Cornerstone Montgomery and Interfaith Works	350,000
Damascus Volunteer Fire Department	100,000
Early Literacy Center	100,000
Easter Seals Inter-Generational Center	100,000
Four Corners Community Outreach	100,000
Jewish Foundation for Group Homes, Inc.	100,000
Josiah Henson Park	100,000
Jubilee Association of Maryland Community Center	200,000
Melvin J. Berman Hebrew Academy	25,000
National Cybersecurity Center of Excellence	2,000,000
Olney Manor Dog Park	50,000
Potomac Community Resources, Inc.	150,000
Rockville – F. Scott Fitzgerald Theatre and Social Hall	175,000
Silver Spring Learning Center	100,000
Strathmore Hall – capital additions and historical restorations	1,000,000
The Writer's Center	310,000
Washington Adventist University – Health Sciences Building	3,200,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

C&O Canal National Park – boating facilities maintenance	$50,000

University System of Maryland

Shady Grove – Biomedical Sciences and Engineering Education Facility	4,716,000

Prince George's County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$525,967	$544,882	$18,916	3.6
	Compensatory Education	254,495	281,139	26,643	10.5
	Student Transportation	37,707	39,146	1,439	3.8
	Special Education	61,633	63,952	2,319	3.8
	Limited English Proficiency Grants	74,469	81,883	7,414	10.0
	Guaranteed Tax Base	3,348	6,212	2,864	85.5
	Geographic Cost of Education Index	39,277	40,596	1,319	3.4
	Adult Education	763	763	0	0.0
	Aging Schools	1,209	1,209	0	0.0
	Other Education Aid	3,996	3,745	-252	-6.3
	Primary & Secondary Education	**$1,002,865**	**$1,063,527**	**$60,662**	**6.0**
	Libraries	6,759	6,965	206	3.1
	Community Colleges	26,868	27,966	1,098	4.1
	Health Formula Grant	5,599	6,131	532	9.5
*	Transportation	8,314	9,347	1,033	12.4
*	Police and Public Safety	19,568	19,078	-490	-2.5
*	Fire and Rescue Aid	1,322	1,511	189	14.3
	Recreation and Natural Resources	3,299	3,729	430	13.0
	Disparity Grant	21,695	23,088	1,394	6.4
	Teachers Retirement Supplemental Grant	9,629	9,629	0	0.0
	Video Lottery Terminal Impact Aid	1,054	1,054	0	0.0
*	Other Direct Aid	10	12	2	17.9
	Total Direct Aid	**$1,106,981**	**$1,172,036**	**$65,055**	**5.9**
	Aid Per Capita ($)	1,224	1,296	72	5.9
	Property Tax Equivalent ($)	1.45	1.51	0.07	4.7

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Prince George's County for teachers, librarians, and community college faculty are estimated to be $106,522,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$3,261,000
Family Health and Chronic Disease	2,750,000
Developmental Disabilities	71,932,000
Behavioral Health Services	63,106,000
Social Services	
Homeless Services	575,000
Women's Services	385,000
Adult Services	494,000
Child Welfare Services	14,047,000
Senior Citizen Services	
Long-term Care	1,049,000
Community Services	214,000

C. Selected State Grants for Capital Projects

Public Schools

Annapolis Road Academy – renovations (piping)	$450,000
Buck Lodge Middle School – renovations (HVAC/ceilings)	1,728,000
Carrollton Elementary School – renovations (roof top unit)	146,000
Catherine T. Reed Elementary School – renovations (roof top unit)	146,000
Central High School – construction	356,000
Cool Spring Elementary School – renovations (roof)	200,000
Crossland High School – construction	375,000
Drew Freeman Middle School – renovations (HVAC)	1,000,000
Fairmont Heights High School – construction	4,500,000
Forestville High School – renovations (roof)	371,000
Gwynn Park High School – construction	500,000
Hyattsville Elementary School – renovations (HVAC)	1,755,000
Isaac J. Gourdine Middle School – renovations (chiller)	968,000
Largo High School – construction	1,209,000
Laurel High School – construction	500,000
Lewisdale Elementary School – renovations (roof top unit)	146,000
Oxon Hill Middle School – renovations (HVAC)	304,000
Potomac High School – construction	162,000
Stephen Decatur Middle School – renovations (roof top unit)	146,000
Tall Oaks Vocational High School – renovations (unit ventilators/piping)	894,000
Thomas Johnson Middle School – renovations (unit ventilators)	1,550,000
Tulip Grove Elementary School – construction	60,000
Walker Mill Middle School – renovations (HVAC)	334,000
Additional funding contingent on HB 923/SB 490	4,794,048

Public Libraries

Bowie Library – renovation	1,250,000

Prince George's Community College

Lanham Hall – renovation and addition	7,634,000
Queen Anne Academic Center – renovation and addition	16,289,000

Local Jail Loan

County Correctional Center – medical unit expansion	549,000

Senior Centers Grant Program

District Heights Senior Day Facility	800,000

Community Parks and Playgrounds

Bladensburg Wellness and Exercise Park	149,000
Granville Gude Park	243,000
Newton Street Park	91,000
Old Town Playground	46,000
Town Hall Playground	109,000

African American Heritage Preservation Grant Program

Frederick Douglass Square at the University of Maryland	100,000

Other Projects

Bishop McNamara High School – Mt. Calvary softball field	150,000
Bladensburg – Bladensburg Road economic development	50,000
Bowie – Senior Center	100,000
Bowie High School – athletic facilities	700,000
Capitol Heights – public works modular home	100,000
Champ House	100,000
Crossland High School	75,000
Doctors Community Hospital	380,000
Elizabeth Seton High School – library renovation	25,000
Family Life and Wellness Intergenerational Center	200,000
Greenbelt – Greenbelt Lake Dam	285,000
High Point High School – athletic facilities	700,000
Knights of St. John Hall	135,000
Landover Hills – Town Hall	50,000
Marlton Swim and Recreation Club	75,000
Northwestern High School – athletic facilities	700,000
Park Berkshire Neighborhood Park	250,000
Prince George's Hospital System	30,000,000
Suitland High School – athletic facilities	700,000
Susan D. Mona Center	100,000
The New Beginnings Community Development – computer lab	15,000

D. Capital Projects for State Facilities in the County

Department of Juvenile Services

Cheltenham Youth Facility – new detention center	$1,631,000

Department of Natural Resources

Fort Washington Marina – maintenance and improvements	125,000

Maryland Environmental Service

Cheltenham Youth Facility – water/wastewater facilities improvements	400,000

University System of Maryland

Bowie State – Natural Sciences Center	39,728,000
College Park – Bioengineering Building	30,000,000
College Park – campuswide computing network infrastructure improvements	1,017,000
College Park – campuswide infrastructure improvements	10,000,000
College Park – Edward St. John Learning and Teaching Center	65,650,000
College Park – high rise residence hall air conditioning	22,305,000
College Park – Human Performance and Academic Research Facility	2,000,000
College Park – south campus dining hall renovation	10,000,000

Queen Anne's County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$21,258	$21,623	$364	1.7
	Compensatory Education	5,052	5,140	89	1.8
	Student Transportation	3,240	3,312	72	2.2
	Special Education	2,270	2,130	-140	-6.2
	Limited English Proficiency Grants	446	502	56	12.6
	Geographic Cost of Education Index	564	572	8	1.5
	Adult Education	871	871	0	0.0
	Aging Schools	50	50	0	0.0
	Other Education Aid	923	941	17	1.9
	Primary & Secondary Education	**$34,674**	**$35,140**	**$466**	**1.3**
	Libraries	138	144	6	4.6
	Community Colleges	1,883	1,869	-14	-0.7
	Health Formula Grant	465	508	43	9.2
*	Transportation	793	891	98	12.3
*	Police and Public Safety	425	405	-20	-4.7
*	Fire and Rescue Aid	234	268	34	14.5
	Recreation and Natural Resources	227	244	18	7.9
*	Other Direct Aid	0	14	14	n/a
	Total Direct Aid	**$38,838**	**$39,483**	**$645**	**1.7**
	Aid Per Capita ($)	796	809	13	1.7
	Property Tax Equivalent ($)	0.51	0.52	0.01	2.0

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Queen Anne's County for teachers, librarians, and community college faculty are estimated to be $6,225,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$246,000
Family Health and Chronic Disease	399,000
Developmental Disabilities	2,315,000
Behavioral Health Services	3,514,000
Social Services	
Homeless Services	8,000
Women's Services	19,000
Adult Services	31,000
Child Welfare Services	962,000
Senior Citizen Services	
Long-term Care	114,000
Community Services	41,000

C. Selected State Grants for Capital Projects

Shelter and Transitional Facilities

Our Haven	$626,766

Community Parks and Playgrounds

Roosevelt Park	136,000
Town Center Park	24,000

Waterway Improvement

Public boating facilities – countywide maintenance and improvements	50,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Matapeake Marine Terminal – dredge material site reclamation/dock redecking	$100,000

Maryland Environmental Service

Eastern Pre-Release Facility – wastewater treatment plant improvements	350,000

St. Mary's County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$67,902	$68,835	$933	1.4
	Compensatory Education	16,217	17,001	785	4.8
	Student Transportation	6,677	6,797	120	1.8
	Special Education	4,607	4,901	294	6.4
	Limited English Proficiency Grants	697	841	144	20.7
	Geographic Cost of Education Index	232	236	4	1.8
	Adult Education	247	247	0	0.0
	Aging Schools	50	50	0	0.0
	Other Education Aid	648	740	92	14.2
	Primary & Secondary Education	**$97,276**	**$99,648**	**$2,372**	**2.4**
	Libraries	612	636	23	3.8
	Community Colleges	2,788	2,721	-67	-2.4
	Health Formula Grant	900	983	83	9.2
*	Transportation	1,122	1,247	125	11.2
*	Police and Public Safety	919	881	-38	-4.1
*	Fire and Rescue Aid	234	268	34	14.5
	Recreation and Natural Resources	254	291	37	14.7
*	Other Direct Aid	0	115	115	n/a
	Total Direct Aid	**$104,104**	**$106,790**	**$2,686**	**2.6**
	Aid Per Capita ($)	943	967	24	2.6
	Property Tax Equivalent ($)	0.86	0.88	0.02	2.4

* Municipal governments within the county receive a share of these funds.

Note: The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50% of full funding. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for St. Mary's County for teachers, librarians, and community college faculty are estimated to be $13,923,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$385,000
Family Health and Chronic Disease	475,000
Developmental Disabilities	2,731,000
Behavioral Health Services	9,370,000
Social Services	
Homeless Services	51,000
Women's Services	201,000
Adult Services	67,000
Child Welfare Services	2,381,000
Senior Citizen Services	
Long-term Care	143,000
Community Services	63,000

C. Selected State Grants for Capital Projects

Public Schools

Spring Ridge Middle School – construction	$4,830,000

College of Southern Maryland

Campuswide – technology infrastructure upgrades	4,243,000

Community Parks and Playgrounds

Leonardtown Wharf	30,000

Waterway Improvement

Public boating facilities – countywide maintenance	50,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Point Lookout State Park – lighthouse restoration	$112,000
St. Clement's Island – shore erosion control	69,000
St. Mary's River State Park – improvements	200,000

Maryland Environmental Service

Charlotte Hall Veterans Home – wastewater treatment plant improvements	1,000,000

St. Mary's College

Anne Arundel Hall – reconstruction	10,482,000

University System of Maryland

Southern Maryland Regional Higher Education Center	450,000

Somerset County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$13,252	$13,492	$239	1.8
	Compensatory Education	8,907	8,879	-27	-0.3
	Student Transportation	1,823	1,855	32	1.7
	Special Education	2,149	2,267	117	5.5
	Limited English Proficiency Grants	465	513	48	10.2
	Guaranteed Tax Base	1,144	1,334	190	16.6
	Adult Education	179	179	0	0.0
	Aging Schools	38	38	0	0.0
	Other Education Aid	620	495	-125	-20.2
	Primary & Secondary Education	**$28,578**	**$29,052**	**$473**	**1.7**
	Libraries	268	277	9	3.4
	Community Colleges	728	716	-13	-1.7
	Health Formula Grant	479	522	43	9.1
*	Transportation	664	725	61	9.2
*	Police and Public Safety	244	234	-10	-4.1
*	Fire and Rescue Aid	244	278	34	14.0
	Recreation and Natural Resources	60	70	10	16.2
	Disparity Grant	4,908	4,908	0	0.0
	Teachers Retirement Supplemental Grant	382	382	0	0.0
*	Other Direct Aid	0	49	49	n/a
	Total Direct Aid	**$36,555**	**$37,212**	**$657**	**1.8**
	Aid Per Capita ($)	1,414	1,439	25	1.8
	Property Tax Equivalent ($)	2.56	2.59	0.03	1.2

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays a portion of the employer share on behalf of the subdivisions for these local employees. Fiscal 2016 State payments for Somerset County for teachers, librarians, and community college faculty are estimated to be $2,707,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$284,000
Family Health and Chronic Disease	667,000
Developmental Disabilities	7,364,000
Behavioral Health Services	4,575,000
Social Services	
Homeless Services	5,000
Women's Services	92,000
Adult Services	57,000
Child Welfare Services	1,529,000
Senior Citizen Services	
Long-term Care	529,000
Community Services	301,000

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

Greenwood Elementary School – renovations (HVAC)	$600,000
Princess Anne Elementary School – renovations (roof)	770,000

Community Parks and Playgrounds

Kayak Pocket Park	28,000

Chesapeake Bay Water Quality Projects

Smith Island WWTP – upgrades	500,000

Waterway Improvement

Crisfield – Brick Kiln pier decking	22,000
Crisfield – City Depot bulkhead walkway	12,000
Public boating facilities – countywide maintenance	50,000
Shelltown – boat ramp and bulkhead replacement	99,000

African American Heritage Preservation Grant Program

John Wesley Methodist Episcopal Church	40,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Somers Cove Marina – maintenance and upgrades	$100,000

Department of Public Safety and Correctional Services

Eastern Correctional Institution – hot water system improvements	4,925,000

Maryland Environmental Service

Eastern Correctional Institution – co-generation plant upgrades	1,681,000
Eastern Correctional Institution – wastewater treatment plant upgrade	6,271,000

University System of Maryland

Eastern Shore – Engineering and Aviation Science Building	6,498,000
Eastern Shore – Nuttle Hall Residence renovation	800,000

Talbot County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$4,423	$4,559	$136	3.1
Compensatory Education	4,663	4,892	229	4.9
Student Transportation	1,549	1,610	61	4.0
Special Education	883	1,016	133	15.0
Limited English Proficiency Grants	725	834	109	15.0
Aging Schools	38	38	0	0.0
Other Education Aid	784	684	-100	-12.8
Primary & Secondary Education	**$13,066**	**$13,634**	**$568**	**4.3**
Libraries	107	108	2	1.5
Community Colleges	1,751	1,773	22	1.3
Health Formula Grant	365	399	34	9.2
* Transportation	1,069	1,220	151	14.1
* Police and Public Safety	426	403	-23	-5.4
* Fire and Rescue Aid	301	332	31	10.4
Recreation and Natural Resources	294	312	18	6.3
Total Direct Aid	**$17,379**	**$18,182**	**$803**	**4.6**
Aid Per Capita ($)	462	483	21	4.6
Property Tax Equivalent ($)	0.20	0.22	0.01	6.7

* 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 2016 State payments for Talbot County for teachers, librarians, and community college faculty are estimated to be $3,782,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$259,000
Family Health and Chronic Disease	417,000
Developmental Disabilities	2,480,000
Behavioral Health Services	3,769,000
Social Services	
Homeless Services	26,000
Women's Services	19,000
Adult Services	43,000
Child Welfare Services	1,230,000
Senior Citizen Services	
Long-term Care	354,000
Community Services	129,000

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

C. Selected State Grants for Capital Projects

Public Schools

Easton Elementary School – renovations (roof)	$308,000

Waterway Improvement

Oxford – public boating facilities improvements	50,000
Public boating facilities – countywide maintenance	50,000
St. Michaels – public boating facilities improvements	50,000

African American Heritage Preservation Grant Program

Asbury Methodist Episcopal Church	100,000
Bethel African Methodist Episcopal Church	14,000

Other Projects

Chesapeake Bay Maritime Museum	250,000
Phillips Wharf Aquaculture Jobs Training Center	50,000

D. Capital Projects for State Facilities in the County

Military

Easton Readiness Center (federal funds)	$13,800,000

Washington County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$99,265	$98,673	-$592	-0.6
Compensatory Education	41,907	42,859	952	2.3
Student Transportation	6,933	7,101	168	2.4
Special Education	7,929	8,099	171	2.2
Limited English Proficiency Grants	1,773	1,974	201	11.3
Guaranteed Tax Base	5,579	4,944	-635	-11.4
Adult Education	165	165	0	0.0
Aging Schools	135	135	0	0.0
Other Education Aid	2,588	2,054	-534	-20.6
Primary & Secondary Education	**$166,274**	**$166,004**	**-$270**	**-0.2**
Libraries	1,172	1,206	34	2.9
Community Colleges	8,704	8,754	50	0.6
Health Formula Grant	1,536	1,677	141	9.2
* Transportation	2,702	3,013	311	11.5
* Police and Public Safety	1,467	1,391	-76	-5.2
* Fire and Rescue Aid	267	305	37	14.0
Recreation and Natural Resources	665	727	62	9.4
Disparity Grant	1,546	1,516	-30	-1.9
* Other Direct Aid	0	117	117	n/a
Total Direct Aid	**$184,333**	**$184,709**	**$377**	**0.2**
Aid Per Capita ($)	1,232	1,235	3	0.2
Property Tax Equivalent ($)	1.50	1.50	0.00	0.0

* 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 2016 State payments for Washington County for teachers, librarians, and community college faculty are estimated to be $18,601,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$847,000
Family Health and Chronic Disease	585,000
Developmental Disabilities	20,940,000
Behavioral Health Services	17,547,000
Social Services	
Homeless Services	155,000
Women's Services	202,000
Adult Services	238,000
Child Welfare Services	4,692,000
Senior Citizen Services	
Long-term Care	280,000
Community Services	106,000

C. Selected State Grants for Capital Projects

Public Schools

Boonsboro Middle School – renovations (roof)	$1,276,000
Cascade Elementary School – renovations (roof)	621,000
Clear Spring High School – renovations (roof)	1,168,000
Fountain Rock Elementary School – renovations (roof)	200,000
West City Elementary School – construction	3,800,000

Hagerstown Community College

Central Plant – expansion	2,125,000

Federally Qualified Health Centers Grant Program

Walnut Street Community Health Center, Inc.	252,000

Community Parks and Playgrounds

Byron Memorial Park	26,000
Shafer Memorial Park	100,000

Chesapeake Bay Water Quality Projects

Hagerstown Collection System – rehabilitation	300,000

Hazardous Substance Cleanup Program

Fairchild Republic – reactive monitoring wells	125,000

Other Projects

C&O Canal National Park – Cushwa Basin Area	100,000
The Maryland Theatre	175,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

C&O Canal National Park – boating facilities maintenance	$50,000
Greenbriar State Park – pier replacement	50,000

Department of Public Safety and Correctional Services

Correctional Training Center – replace windows and heating systems	1,405,000

Maryland Environmental Service

Maryland Correctional Institution – wastewater treatment plant improvements	2,449,000

Wicomico County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2015	FY 2016	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$68,579	$70,825	$2,246	3.3
Compensatory Education	38,615	40,086	1,471	3.8
Student Transportation	5,084	5,242	158	3.1
Special Education	7,008	7,453	444	6.3
Limited English Proficiency Grants	3,407	4,009	602	17.7
Guaranteed Tax Base	4,579	4,946	367	8.0
Aging Schools	107	107	0	0.0
Other Education Aid	1,324	1,297	-27	-2.0
Primary & Secondary Education	**$128,704**	**$133,965**	**$5,261**	**4.1**
Libraries	943	971	28	3.0
Community Colleges	4,999	4,987	-12	-0.2
Health Formula Grant	1,053	1,150	97	9.2
* Transportation	2,145	2,412	268	12.5
* Police and Public Safety	1,087	1,066	-20	-1.9
* Fire and Rescue Aid	280	310	30	10.7
Recreation and Natural Resources	294	335	41	14.0
Disparity Grant	6,654	7,364	710	10.7
Teachers Retirement Supplemental Grant	1,568	1,568	0	0.0
Total Direct Aid	**$147,725**	**$154,127**	**$6,402**	**4.3**
Aid Per Capita ($)	1,455	1,518	63	4.3
Property Tax Equivalent ($)	2.43	2.52	0.09	3.8

* 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 2016 State payments for Wicomico County for teachers, librarians, and community college faculty are estimated to be $12,820,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$767,000
Family Health and Chronic Disease	898,000
Developmental Disabilities	16,791,000
Behavioral Health Services	13,116,000
Social Services	
Homeless Services	25,000
Women's Services	92,000
Adult Services	21,000
Child Welfare Services	2,822,000
Senior Citizen Services	
Long-term Care	529,000
Community Services	334,000

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

East Salisbury Elementary School – renovations (roof)	$1,099,000
Parkside High School – renovations (mechanical/HVAC)	3,531,000
Wicomico Middle School – renovations (HVAC)	1,728,280

Wor-Wic Community College

Academic & Administrative Building/Maner Technology Center – renovation	1,208,000

Federally Qualified Health Centers Grant Program

Three Lower Counties Community Services, Inc.	135,000

Community Parks and Playgrounds

Pittsville Playground	109,000

Water Supply Financial Assistance Program

Pittsville – water treatment plant upgrade	163,000

Waterway Improvement

Salisbury – marina facility improvements	25,000

African American Heritage Preservation Grant Program

Charles H. Chipman Center	78,000

Other Projects

Arthur Perdue Stadium	270,000
Tri-County Multi-Purpose Center	100,000

D. Capital Projects for State Facilities in the County

University System of Maryland

Salisbury University – Academic Commons/Library	$53,180,000
Salisbury University – stadium project	$1,000,000

Worcester County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2015	FY 2016	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$6,430	$6,531	$101	1.6
	Compensatory Education	7,301	7,377	77	1.0
	Student Transportation	2,921	2,981	61	2.1
	Special Education	1,721	1,788	67	3.9
	Limited English Proficiency Grants	372	372	0	-0.1
	Adult Education	146	146	0	0.0
	Aging Schools	38	38	0	0.0
	Other Education Aid	659	580	-79	-12.0
	Primary & Secondary Education	**$19,588**	**$19,813**	**$225**	**1.2**
	Libraries	144	147	3	2.0
	Community Colleges	2,076	2,093	17	0.8
	Health Formula Grant	393	429	36	9.2
*	Transportation	1,618	1,760	142	8.8
*	Police and Public Safety	653	648	-6	-0.9
*	Fire and Rescue Aid	301	343	42	14.0
	Recreation and Natural Resources	266	298	32	11.9
	Video Lottery Terminal Impact Aid	2,665	2,850	185	6.9
*	Other Direct Aid	0	399	399	n/a
	Total Direct Aid	**$27,705**	**$28,781**	**$1,076**	**3.9**
	Aid Per Capita ($)	536	557	21	3.9
	Property Tax Equivalent ($)	0.19	0.20	0.01	4.4

* 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 2016 State payments for Worcester County for teachers, librarians, and community college faculty are estimated to be $7,066,000.

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 2016 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 2015) and may change. The fiscal 2016 budget as adopted by the General Assembly designated $32 million statewide for health services but the spending is at the discretion of the Governor. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Medical Care Services	$393,000
Family Health and Chronic Disease	636,000
Developmental Disabilities	1,550,000
Behavioral Health Services	6,603,000
Social Services	
Homeless Services	20,000
Women's Services	117,000
Adult Services	43,000
Child Welfare Services	1,641,000
Senior Citizen Services	
Long-term Care	529,000
Community Services	320,000

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

Snow Hill High School – construction	$72,000

Public Libraries

Berlin Library – construction	1,083,000

Wor-Wic Community College

Academic & Administrative Building/Maner Technology Center – renovation	1,208,000

Community Parks and Playgrounds

Cypress Creek Tennis Court	15,000

Waterway Improvement

Public Boating Facilities – countywide maintenance	25,000

Other Projects

Pocomoke – Delmarva Discovery Center and Museum	175,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Assateague State Park – bulkhead replacement	$75,000
Ocean City – beach replenishment	1,500,000
Pocomoke River State Park – Shad Landing pier improvements	100,000

Part B
Taxes

Property Tax

Personal Property Tax

In Maryland, there is a tax on business-owned personal property which is imposed and collected by local governments. Personal property generally includes business property such as furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property. To provide for uniform assessments, the State Department of Assessments and Taxation (SDAT) is responsible for assessing all personal property. Each county or municipal government is responsible for issuing the tax bills and collecting the tax. The tax year begins on July 1 and ends on June 30. An annual report fee is required to be paid to SDAT with the filing of the personal property tax return each year. The annual report fee, which for most types of business entities is $300, is for the privilege of maintaining the legal entity's existence in the State. The personal property tax has been a local tax exclusively since 1984 when the State tax rate on personal property was set at zero. There were several proposals introduced during the 2015 session that would have altered the taxation of personal property.

***Senate Bill 590*/*House Bill 480* (both failed)** were Administration bills to reduce personal property taxes paid by small businesses. As introduced, the bills would have exempted a business that has business personal property with an assessed value of $10,000 or less from (1) the personal property tax; (2) filing a specified personal property tax report; and (3) the fee that is paid with the filing of the annual report. Businesses would have been required to apply to SDAT for the personal property tax exemption and SDAT would have been required to specify procedures for the application for, approval of, and monitoring of continuing eligibility for the personal property tax exemption.

In addition, the State was required to remit to each county or municipality an amount equal to the following percentages of the tax that would have been collected if the personal property tax exemption had not been granted: (1) 100% in the first year; (2) 75% in the second year; (3) 50% in the third year; and (4) 0% in the fourth year and each year thereafter. The State budget for

fiscal 2017 was required to include an appropriation to each county or municipality equal to 100% of the tax that would have been collected in fiscal 2016 if the personal property tax exemption under the bill had not been granted.

As amended by the Senate, ***Senate Bill 590*** would have exempted a business that owns or leases business personal property with a total assessed value of $10,000 or less from the personal property tax for taxable years beginning after December 31, 2016. In addition, the bill would have required SDAT, subject to State procurement law, to contract with a public or private entity to audit the assessed value of personal property subject to the personal property tax. A report to the General Assembly on the audit findings would have been required by December 31, 2016. The Governor would have been required to include sufficient funds, up to $5.0 million, in the State budget for SDAT to cover the costs of procuring the audit.

House Bill 161 (failed), ***House Bill 259 (failed)***, and ***House Bill 446 (failed)*** would have exempted different types and/or amounts of business personal property from taxation across the State. ***Senate Bill 841***/***House Bill 69 (both failed)*** and ***Senate Bill 842***/***House Bill 184 (both failed)*** would have exempted specified business personal property in Calvert County and St. Mary's County, respectively, from the personal property tax.

Property Tax Exemptions

House Bill 497 (passed) expands a property tax exemption for specified entities that provide low-income housing to families to include specified tax-exempt limited liability companies (LLCs) that are wholly owned by a nonprofit corporation, or a specified limited partnership whose managing general partner is a specified LLC wholly owned by a nonprofit corporation. ***House Bill 497*** alters State law so that when qualifying entities in Maryland develop affordable housing, they will be able to use the nonprofit partner's existing legal structures and still maintain the ability to obtain a payment in lieu of taxes agreement (PILOT).

Tax Sales

Baltimore City

In May 2013, Baltimore City sold 5,935 properties through an online tax sale auction, of which 2,099 were owner-occupied homes. Standalone water bill delinquencies accounted for 523 of the properties sold. In May 2014, 6,690 properties were sold at tax sale, 2,236 of which were owner-occupied homes.

House Bill 1035 (Ch. 114) expands redemption opportunities for owner-occupied residential property owners whose property is subject to sale for unpaid taxes or water and sewer liens in Baltimore City. The Act requires, rather than authorizes, the tax collector in Baltimore City to withhold owner-occupied residential property from a tax sale if the total taxes owed on the property, including interest and penalties, amount to less than $750, rather than only $250.

The Mayor and City Council of Baltimore City may establish, by law, an installment payment plan process to further increase redemption opportunities for owner-occupied residential

property owners. The Act also increases the minimum threshold from $350 to $750 before the Baltimore City government is authorized to sell an owner-occupied residential property solely to enforce a lien for unpaid water and sewer charges.

Prince George's County

Typically, a property owner has the right to redeem property sold at a tax sale within six months from the date of the tax sale by paying the delinquent taxes, penalties, interest, and certain expenses of the purchaser. If the owner does not redeem the property, the purchaser has the right to file a complaint to foreclose on the property after the six-month right of redemption period has passed. Generally within two years, if the right to foreclose is not exercised by the purchaser, the certificate is void and the purchaser is not entitled to a refund of any monies paid to the collector.

***House Bill 935* (passed)** authorizes the governing body of Prince George's County to file a complaint to foreclose all rights of redemption in a vacant lot or in a property with a building that has been cited as vacant and unfit for habitation based on a housing or building violation notice at any time after the county becomes the purchaser by operation of law. The bill also exempts the governing body of Prince George's County from issuing specified required notices for such property.

Local Property Taxes

Property Tax Setoffs

Property tax setoffs are meant to compensate for double taxation of municipal taxpayers occurring when both municipal and county property taxes are levied to fund similar services. Therefore, counties compensate municipal taxpayers with property tax setoffs through a tax rate differential or through a tax rebate. A tax rate differential results in a lower county property tax rate within the boundaries of a municipality, whereas a tax rebate is a direct payment to a municipality for providing the services or programs.

***Senate Bill 886* (Ch. 55)** alters the procedure for establishing property tax setoffs between Frederick County and municipalities in Frederick County by requiring Frederick County to meet and discuss annually with each municipality the county property tax rate to be set for assessments of property in the municipality. The Act specifies the procedures that must be followed to establish the setoffs beginning in fiscal 2017. Before the amount of a property tax setoff may be established for fiscal 2017, Frederick County must conduct a detailed study of the scope and nature of the individual services or programs provided by each municipality in the county instead of similar services or programs provided by the county.

***House Bill 681* (passed)** requires Prince George's County to complete a report on property tax setoffs in the county by January 31 of each year. The report must include (1) the amount of the tax setoff granted to each municipality in the current fiscal year; (2) a detailed description of the scope and nature of the individual services or programs provided by each municipality instead of similar services or programs provided by the county; and (3) a detailed description of the

methodology used by the county to determine the amount of the tax setoffs, including any formulas. The report must be made available on request to municipalities in the county and submitted to the Prince George's County House Delegation and the Prince George's County Senators.

Baltimore City

House Bill 123 (Ch. 68) alters the Baltimore City residential retention property tax credit to allow a recipient of that tax credit to also receive a specified local property tax credit that offsets local revenue increases resulting from a local income tax rate above 2.6%. An eligible taxpayer could claim both credits beginning in fiscal 2017.

Senate Bill 541 (Ch. 38) authorizes Baltimore City to grant, by law, a property tax credit for personal property owned by a supermarket that completes eligible construction and is located in a food desert retail incentive area. Baltimore City must, by law, designate what constitutes a food desert retail incentive area for purposes of the tax credit. The property tax credit for a taxable year may not exceed the amount of property tax imposed on the personal property of a supermarket in that year.

Baltimore County

Senate Bill 702 (Ch. 48) authorizes Baltimore County to grant a property tax credit against the county property tax imposed on specified residential property that is located near the Eastern Sanitary Landfill Solid Waste Management Facility.

Charles County

To encourage the location and development of business operations and expansion of the employment base in Charles County, Charles County and a municipality in the county may grant, by law, a property tax credit against the county and municipal property tax imposed on any property owned by a new or expanding business that creates 10 or more full-time jobs in an industry targeted for expansion by the Charles County Economic Development Commission. ***House Bill 134 (Ch. 70)*** expands this Charles County property tax credit to include property that is leased by a new or expanding business.

Washington County

Senate Bill 925 (passed) expands the eligibility for an existing local property tax credit in Washington County for real property owned or leased by a new or expanding business that creates new jobs. In lieu of existing eligibility requirements, to qualify for the property tax credit, a new business entity locating in the county or an existing business entity in the county must invest at least $10.0 million in capital improvements in the county by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or leasing previously unoccupied premises. As a result of these capital improvements, the business entity must create 100 new permanent full-time positions. A new or expanding business entity that meets these requirements is entitled to a property tax credit equal to a percentage of the amount of

property tax imposed on the assessment of the new or expanding premises as follows: (1) 100% for each of the first 5 years; (2) 75% in years 6 through 10; (3) 50% in years 11 through 15; and (4) 0% in years 16 and later.

Income Taxes

Administration Proposals

The Administration proposed several income tax bills in the 2015 session, including tax reductions for certain retirees, a tax credit for contributions to organizations providing financial assistance to preK and K-12 students, and an income tax checkoff for the public financing of gubernatorial campaigns. As introduced by the Governor, ***Senate Bill 592*** ***(passed)*** would have expanded the existing military retirement income tax subtraction modification by exempting 100% of military retirement income from State income tax. The increase was to be phased in over four years. As passed by the General Assembly, ***Senate Bill 592*** expands the subtraction modification by increasing from $5,000 to $10,000 the maximum amount of retirement income that can be excluded for purposes of calculating Maryland income tax liability. In order to qualify for the increased subtraction modification, the individual must be at least 65 years old. It is estimated that expansion of the subtraction modification will decrease State revenues by $2.7 million in fiscal 2016 and by about $2.9 million annually thereafter.

Senate Bill 594*/*House Bill 488 ***(both failed)*** would have allowed retirement income to qualify for the State pension exclusion if the individual was at least age 50 and the retirement income was attributable to employment as a law enforcement officer or fire, rescue, or emergency services personnel of the United States, the State, or a local jurisdiction. ***Senate Bill 594*/*House Bill 488*** would have also accelerated the increase in the value of the State income tax subtraction modification for qualifying volunteer fire, rescue, or emergency medical services personnel enacted by Chapters 371 and 372 of 2014.

House Bill 487**(failed)** would have created a State income tax credit for 60% of the contributions made by a business entity or nonprofit organization to an eligible nonprofit organization that provides specified financial assistance to students at public or eligible nonpublic K-12 schools and preK programs. The amount of credits that the Department of Business and Economic Development (DBED) could award in each year could not exceed the amount of money appropriated to a reserve fund established by the bill.

House Bill 485 ***(passed)*** establishes a Fair Campaign Financing Fund (FCFF) checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, contributions are credited to the fund. For a discussion of other provisions of ***House Bill 485*** relating to FCFF and election law, see the subpart "Elections" within Part C – State Government of this *90 Day Report*.

Film Production Activity Tax Credit Program

Maryland began offering financial assistance to encourage film production activities in 2001 and adopted the current film production activity tax credit beginning in 2012. A qualified film production entity that meets specified requirements and is approved by DBED may receive a refundable tax credit of up to 27% of the qualified direct costs of a film production activity. The film production activity tax credit program is scheduled to terminate June 30, 2016.

Senate Bill 905* (passed)** repeals the termination date of the film production activity tax credit program and specifies that the amount of credits that DBED can award in each fiscal year beginning in fiscal 2017 cannot exceed the amount of money appropriated to a reserve fund established by the bill. ***Senate Bill 905 states that it is the intent of the General Assembly that the appropriation to the reserve fund equal the amount DBED reports as necessary to maintain the current level of film production activity in the State and to attract new film production activity to the State. DBED is also required to report annually a list of the businesses that directly provided goods or services to a film production entity that claimed the film production activity tax credit and (1) qualified as a Minority Business Enterprise under State procurement law and (2) are determined by DBED to be a small business. It is estimated that the bill will increase general fund expenditures by $25 million annually beginning in fiscal 2017.

Other Tax Credit Legislation

In *Maryland State Comptroller of the Treasury v. Brian Wynne, et ux.*, 431 Md. 147 (2013), the Maryland Court of Appeals upheld a decision of the Howard County Circuit Court that the failure of the State to allow a credit against the county income tax for income taxes paid to other states on pass-through income earned in those states discriminates against interstate commerce and violates the Commerce Clause of the U.S. Constitution. The State appealed the decision to the U.S. Supreme Court, which is expected to issue a decision in spring 2015. ***House Bill 72* (passed)**, the Budget Reconciliation and Financing Act (BRFA) of 2015, allows a taxpayer to claim the credit against the county income tax and establishes the procedures for calculating the value of the credit beginning with tax year 2015. This credit is contingent on the Attorney General advising the Comptroller and the Department of Legislative Services that the U.S. Supreme Court decision invalidates the practice of allowing the credit only against the State income tax. The BRFA of 2015 also requires the Comptroller to pay certain interest and refunds owed by county and municipal governments attributable to the case from the local income tax reserve account. Unless an affected local government reimburses the account in a timely fashion, the Comptroller is also required to withhold certain amounts from the quarterly income tax distributions to local governments beginning after June 2016 until the amount is fully reimbursed.

House Bill 72 limits eligibility for the State and local earned income tax credits to State residents. It is estimated that the change will increase State revenues by $3.8 million in fiscal 2016 and by $3.9 million annually thereafter.

Chapter 389 of 2014 increased the State refundable earned income tax credit value from 25% to 28% of the federal credit, phased in over four years, beginning with tax year 2015. The

language in the final version of the legislation contained a technical error that inadvertently eliminated the value of the refundable credit for tax year 2014. ***Senate Bill 22* (passed)** clarifies that taxpayers can claim a State refundable earned income credit equal to 25% of the federal earned income credit, minus any pre-credit State income tax liability, in tax year 2014.

The oyster shell recycling income tax credit provides a nonrefundable tax credit against the State income tax for each bushel of oyster shells recycled during the taxable year. The total credit may not exceed $750 per tax return. ***Senate Bill 694* (passed)** increases the value of the credit to $5.00, instead of $1.00, for each bushel of oyster shells recycled during the taxable year.

Sales Tax

Accommodations

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

Miscellaneous Taxes

Transportation Taxes

***Senate Bill 589*/*House Bill 483* (both failed)** were Administration bills that would have repealed (1) the indexing of specified motor fuel tax rates and (2) the future increases in the sales and use tax equivalent rate imposed on the specified price of motor fuel. Thus, the bills would have repealed any future changes in these taxes and maintained motor fuel taxes at the rates in effect as of January 1, 2015.

Tax Administration

***Senate Bill 763* (Ch. 50)** requires the Comptroller to declare an amnesty period for certain delinquent taxpayers from September 1, 2015, through October 30, 2015, for penalties and one-half of any interest due attributable to the nonpayment, nonreporting, or underreporting of income taxes, withholding taxes, sales and use taxes, or admissions and amusement taxes that are paid during the amnesty period. Individuals or corporations who enter into a payment agreement

with the Comptroller's Office can also qualify for the amnesty. The tax amnesty is estimated to generate $11.4 million in general fund revenues in fiscal 2016 and $3.6 million in fiscal 2017.

Estate Tax

If required, an estate tax return must be filed within nine months of a decedent's death with the Comptroller's Office or the register of wills, unless the Comptroller grants an extension. ***House Bill 828 (Ch. 104)*** requires estates to file an estate tax return with the Comptroller's Office only, effective July 1, 2015.

Senate Bill 178 (Ch. 18) prohibits the Comptroller from assessing a penalty for the late payment of the estate tax if the estate pays the tax in accordance with an approved alternative payment schedule. The Act applies to estates that apply for and receive approval of an alternative payment plan after June 30, 2015.

Recordation and Transfer Taxes

Chapter 233 of 2014 provided exemptions from the recordation tax and State transfer tax for an instrument of writing relating to a transfer from a certified community development financial institution to the immediately preceding mortgagor or grantor of the property that meets certain criteria. ***House Bill 1178 (passed)*** adds an exemption from recordation taxes and the State transfer tax for a purchase money mortgage or purchase money deed of trust related to that type of transfer. The bill applies retroactively to affect any recording made on or after April 14, 2014 (the effective date of Chapter 233 of 2014), of an instrument of writing, purchase money mortgage, or purchase money deed of trust that is not subject to recordation tax.

Senate Bill 766 (passed) provides that, when determining the rate of the agricultural land transfer tax to be imposed, the amount of agricultural land that is subject to a specified exemption may not be included in the amount of agricultural land that is transferred.

Chapter 373 of 2006 established a county transfer tax exemption, applicable only in Prince George's County, for a first-time residential property purchase by a Prince George's County police officer or a municipal police officer who operates in the county. Chapter 373 also capped the county transfer tax rate at 1% for a second and subsequent residential purchase by the officer. Chapter 248 of 2007 extended the exemption for a first-time residential property purchase to Prince George's County deputy sheriffs. ***Senate Bill 689 (Ch. 47)*** caps the Prince George's County transfer tax rate at 1% for a second and subsequent residential property purchase made by a Prince George's County deputy sheriff.

Admissions and Amusement Tax

Senate Bill 265 (passed) reduces the distribution of revenue from the State admissions and amusement tax on electronic bingo and electronic tip jars in Calvert County to $50,000, from $100,000, to the Boys and Girls Club of the Town of North Beach, with the remainder of the revenue attributable to a 1.5% tax rate distributed to the Town of North Beach. The Calvert County

Youth Recreational Opportunities Fund receives revenues attributable to a 4% State admissions and amusement tax rate in Calvert County through fiscal 2019, instead of through fiscal 2016. The Calvert County Board of Education receives revenues attributable to a 4% State admissions and amusement tax rate in Calvert County beginning in fiscal 2020, instead of fiscal 2017.

Alcoholic Beverage Taxes

***Senate Bill 707* (Ch. 49)** authorizes the Comptroller to specify, by regulation, the dates on which alcoholic beverage manufacturers or wholesalers with specified sales, deliveries, or transfers of alcoholic beverages must file an alcoholic beverage tax return.

***House Bill 827* (passed)** provides that the revenue generated from the tax on wine produced at wineries licensed in the State must be distributed to the Maryland Wine and Grape Promotion Fund instead of the general fund.

Hotel Rental Taxes

***House Bill 209* (passed)** clarifies that the Howard County hotel rental tax applies to the total charge for the rental of a room, including any room rental fee charged by a room rental intermediary but not including any tax.

***Senate Bill 637* (passed)** alters the due date, from September 1 to November 1, of specified annual reports on the distribution and use of Washington County hotel rental tax revenues. The Washington County Commissioners must post a report on hotel rental tax revenues and uses on the county's website. The Hagerstown/Washington County Convention and Visitors Bureau must report to the Washington County Commissioners, rather than to the Washington County House and Senate delegations to the General Assembly, on the bureau's use of hotel rental tax revenues.

Miscellaneous Local Taxes

***House Bill 135* (passed)** authorizes the Charles County Commissioners to alter the base school construction excise tax rates for each dwelling type for fiscal 2016 and every fourth fiscal year thereafter to reflect the number of students generated by each dwelling type and the cost of school construction in the county. For each fiscal year after fiscal 2016 in which the base tax rates are not adjusted, the tax rates may not exceed the rates imposed in the preceding fiscal year altered by the same percentage as the change in the average statewide per-square-foot school building cost as calculated by the Interagency Committee on School Construction in the calendar year preceding the year for which the amount is being calculated.

Part C
State Government

State Agencies, Offices, and Officials

State Agencies

Responsibilities of Agencies

State law requires Executive Branch agencies to report to the General Assembly on specified activities, services, and trends. In 2014, the Department of Legislative Services (DLS) conducted a review of the mandated reports to identify requirements that have become obsolete, duplicative, impractical, inefficient, or otherwise unnecessary. As a direct result of that effort, ***House Bill 67*** ***(Ch. 58)*** repeals specified reporting requirements that DLS determined to be unnecessary and consolidates, reschedules, and clarifies specified reporting requirements for the purposes of efficiency and practicality. Additionally, the Act requires DLS to conduct quadrennial reviews of statutory reporting requirements and make recommendations to the General Assembly for their repeal or modification.

Chapter 69 of 2014 established the Council on Open Data to promote the State's policy that open data be machine readable and released to the public in ways that make the data easily accessible and usable. In its January 2015 report, the council made several findings regarding the automated mapping-geographic information system (GIS) law and its current practical effects, essentially concluding that the law is inconsistent with the intent of the State's newly enacted open data policy. ***Senate Bill 94***/***House Bill 353*** ***(both passed)*** generally implement legislation recommended by the council. The bills authorize a governmental unit to adopt an additional fee of no more than $50 to cover the cost of providing system products and repeal the authority of governmental units to adopt a fee structure for providing GIS services and sell GIS services to the general public for a fee reflecting the cost of providing the services. Also, the bills repeal the provision of law that provides that only a person who contracts with a governmental unit may have online access to the geographic data in a system under the terms of the contract.

The Strategic Energy Investment Fund (SEIF), primarily funded through the proceeds from the auction of carbon allowances to power plants and other market participants under the Regional

Greenhouse Gas Initiative, is the primary source of funding for the Maryland Energy Administration and its activities. In addition to assisting low-income households with energy bills, the administration makes awards under its energy efficiency and conservation, renewable, clean energy, and energy resiliency programs. ***Senate Bill 441*** ***(passed)*** requires that the amount and recipient of each grant awarded by the administration from SEIF be included in the annual report the administration is required to submit to the Governor and General Assembly on the uses and expenditures of SEIF.

Commissions, Councils, and Task Forces

In February 2014, President Obama's Executive Order 13636 directed the Secretary of Commerce to enlist the National Institute of Standards and Technology (NIST) in developing a framework to address the risks of cyber attacks on critical infrastructure. ***Senate Bill 542*** ***(passed)*** establishes the Maryland Cybersecurity Council. The council is tasked with working with NIST, as well as other federal agencies, private-sector businesses, and private cybersecurity experts to (1) for certain critical infrastructure, identify local infrastructure sectors that are at greatest risk of cyber attacks; (2) use federal guidance to identify categories of critical infrastructure as critical cyber infrastructure; (3) assist certain infrastructure entities in complying with federal cybersecurity guidance; (4) assist private-sector cybersecurity businesses in adopting and implementing NIST cybersecurity framework of standards and practices; (5) examine inconsistencies between State and federal laws regarding cybersecurity; (6) recommend a comprehensive State strategic plan to respond to and recover from cybersecurity attacks; and (7) recommend any legislative changes considered necessary by the council to address cybersecurity issues. The council must report on its activities to the General Assembly on or before July 1, 2016, and every two years thereafter beginning July 1, 2017.

Senate Bill 174 ***(passed)*** repeals and replaces the Maryland Advisory Council on Mental Hygiene and the State Drug and Alcohol Abuse Council with the Behavioral Health Advisory Council in the Office of the Governor. The new advisory council is tasked with promoting and advocating for the enhancement of behavioral health services across the State for individuals who have behavioral health disorders and their family members. For a more detailed discussion of ***Senate Bill 174*** see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

The Education and Workforce Training Coordinating Council for Correctional Institutions was established by Chapter 134 of 2008, which transferred responsibility for adult education and literacy services and correctional services education from the Maryland State Department of Education to the Department of Labor, Licensing, and Regulation. ***House Bill 1244*** ***(Ch. 123)*** changes the name of the Education and Workforce Training Coordinating Council for Correctional Institutions to the Correctional Education Council.

Senate Bill 403/***House Bill 375*** ***(both passed)*** replace the Maryland School-Based Health Center Policy Advisory Council at the Maryland State Department of Education with the Maryland Council on Advancement of School-Based Health Centers. The purpose of the council is to improve the health and educational outcomes of students who receive services from school-based

health centers by advancing the integration of school-based health centers into both the health care system and the educational system at the State and local levels. ***Senate Bill 497*/*House Bill 452* (both passed)** creates the Commission to Review Maryland's Use of Assessments and Testing in Public Schools to take a detailed look at the State's use of and approach to mandated assessments and testing. For a more detailed discussion of ***Senate Bill 403*/*House Bill 375*** and ***Senate Bill 497/House Bill 452*** see the subpart "Education – Primary and Secondary" within Part L – Education of this *90 Day Report*.

Senate Bill 258*/*House Bill 514* (both passed)** establish the Commission on Climate Change within the Maryland Department of the Environment to advise the Governor and General Assembly on ways to mitigate the causes of, prepare for, and adapt to the consequences of climate change. For a more detailed discussion of ***Senate Bill 258*/*House Bill 514, see the subpart "Environment" within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

The Crownsville Hospital Center opened in the early 1900s and served as a State-run psychiatric hospital until it was closed in June 2004. The hospital campus includes the Crownsville Hospital Cemetery, an area which the Legislative Black Caucus and concerned local residents hope can be memorialized to honor former patients who are buried there. Due to the size and historical significance of the Crownsville Hospital Center, the Maryland Department of Planning has been involved in the disposition process of the property. ***House Bill 27* (passed)** establishes the Task Force on the Disposition of the Crownsville Hospital Center Property to study and make recommendations on the sale, transfer, or other disposition of the property. The task force must report its findings and recommendations to the Governor, the General Assembly, specified State agencies, and the Anne Arundel County Executive by January 1, 2016.

Chapter 278 of 2010 established the African American Heritage Preservation Program, a capital grant program jointly administered by the Commission on African American History and Culture and the Maryland Historical Trust within the Maryland Department of Planning. The purpose of the program is to identify and preserve buildings, communities, and sites of historical and cultural importance to the African American experience in Maryland. The program will terminate in May 31, 2015. ***Senate Bill 601*/*House Bill 130* (both passed)** reestablish and make permanent the program and make several alterations to the program. The significant changes to the program include (1) the creation of the African American Heritage Preservation Program Grant Fund and (2) the creation of procedures and requirements for the award of emergency grants. Additionally, for each fiscal year, the Governor must include in the annual operating or capital budget an appropriation of $1.0 million to the African American Heritage Preservation Grant Fund.

Public Information Act

The Public Information Act (PIA) grants the public a broad right of access to records that are in the possession of State and local government agencies. The PIA's basic mandate is to enable people to have access to government records without unnecessary cost or delay. Custodians have a responsibility to provide such access unless the requested records fall within one of the exemptions in the statute. ***Senate Bill 695/House Bill 755* (both passed)** create the State Public

Information Compliance Board and the Office of Public Access Ombudsman, with the intent of creating a centralized appeals process for all PIA disputes.

Specifically, the board is charged with (1) receiving, reviewing, and resolving complaints alleging that a custodian of public records charged an unreasonable fee of more than $350; (2) issuing written opinions as to whether a violation has occurred; and (3) if the board finds that a violation has occurred, ordering the custodian to reduce the fee to an amount determined by the board to be reasonable and refund the difference. The board must also study ongoing compliance with the PIA by custodians and make recommendations to the General Assembly for improvements to the PIA. The bills also establish processes for a person to file a complaint with the board and for the handling of a complaint by the board, as well as reporting requirements. Additionally, complainants and custodians are authorized to appeal decisions of the board to the circuit court.

The ombudsman, who is appointed by the Attorney General, is charged with resolving disputes between applicants and custodians over requests for public records, including redactions, the application of exemptions, timeliness of production of a records, repetitive requests, and fee waivers. When resolving disputes, the ombudsman is prohibited from compelling a custodian to disclose public records or redacted information to the ombudsman or an applicant or, except under certain circumstances, disclosing information received from an applicant or custodian without written consent from the applicant or custodian.

Senate Bill 695/House Bill 755 also require a custodian to provide specified written notice to an applicant if inspection is denied or if more than 10 working days is needed to produce a record. Furthermore, the bills modify provisions regarding fees charged for producing a public record so that staff and attorney review costs included in the calculation of actual costs are prorated for each individual's actual time attributable to the search and preparation of the record. Finally, the bills authorize a custodian to waive fees for indigent applicants.

The General Provisions Article Review Committee noted in the annotations to the newly codified 2014 General Provisions Article that the provision allowing a custodian to maintain a list of records designated as immediately available upon request was likely meant to be a mandatory requirement, rather than merely authorizing. The committee also noted that the provision that temporarily restricts the ability to copy a judgment appears to be inconsistent with the Maryland Rules of Procedure. Accordingly, ***Senate Bill 444/House Bill 83 (both passed)*** require an official custodian to designate, rather than to consider whether to designate, types of public records of the governmental unit that are to be made available to any applicant immediately on request and to maintain a current list of the types of public records that have been so designated. ***Senate Bill 444/House Bill 83*** also repeal the requirement that an applicant may not have a copy of a judgment until the time for appeal expires or the appeal is dismissed or adjudicated.

Senate Bill 852/House Bill 674 (both passed) require each governmental unit that maintains public records to (1) identify a representative who a member of the public may contact to request a public record; (2) maintain and publish specified contact information in a user-friendly format on the governmental unit's website or, if the governmental unit does not have a website,

keep the information at a place easily accessible by the public; and (3) annually update the information. The governmental unit also must submit the contact information to the Office of the Attorney General annually. The office must post the contact information in a user-friendly format on its website and include the contact information in any Public Information Act Manual it publishes.

Administrative Procedure Act

In response to a February 2015 report from the Maryland Economic Development and Business Climate Commission, a package of legislation was introduced in the General Assembly. One of the bills, ***House Bill 939 (passed)***, establishes the Advisory Council on the Impact of Regulations on Small Businesses within the Department of Business and Economic Development to review proposed regulations and determine whether the regulations have a significant impact on small businesses. For a more detailed discussion of ***House Bill 939*** see the subpart "Economic Development" within Part H – Business and Economic Issues of this *90 Day Report*.

False Claims Act

The federal Deficit Reduction Act of 2005 established incentives for states to enact certain antifraud legislation modeled after the federal False Claims Act, which authorized the federal government to recover damages from and seek civil penalties against individuals who knowingly submit false or fraudulent claims to the federal government. ***Senate Bill 374*/*House Bill 405* (both passed)** establish the Maryland False Claims Act, which establishes prohibited acts and penalties related to false and fraudulent claims for payment or approval by a governmental entity, as well as enforcement mechanisms. For a more detailed discussion of ***Senate Bill 374*/*House Bill 405***, see the subpart "Civil Actions and Procedures" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

The Military and Veterans

Transportation and Motor Vehicles

The Maryland Transportation Commission in the Maryland Department of Transportation 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. On receiving direction, either from the Secretary of Transportation or as the result of enacted legislation, the State Highway Administration or the Maryland Transportation Authority is required to dedicate a facility. ***Senate Bill 802/House Bill 466 (Chs. 52 and 53)*** require the department to establish a process that allows a member of the General Assembly, another elected official, or any member of the general public to request that a bridge or other appropriate structure be dedicated to a deceased member of the U.S. Armed Forces whose surviving spouse, parent, or next of kin is a recipient of the U.S. Department of Defense Gold Star memorializing that the member was killed in action.

Senate Bill 671*/*House Bill 846* (both passed)** require the Motor Vehicle Administration to establish a program to assist veterans and members of the military who are transitioning out of military service to obtain a commercial driver's license. For a more detailed discussion of ***Senate

Bill 671/House Bill 846 see the subpart "Motor Vehicles" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Hunter's Licenses

With certain exceptions, a person may not hunt or attempt to hunt during open season and in any permitted manner any game birds and mammals in the State without a resident or nonresident hunter's license. ***House Bill 14*** ***(passed)*** exempts retired former members of the U.S. Armed Forces from being required to obtain a hunter's license to hunt on farmland that is in active farming status and owned by the retired former member or a specified family member. An individual hunting on farmland without a hunter's license must possess a retired military identification card, specified written permission from the landowner, and any required hunting stamps.

House Bill 1074 ***(passed)*** authorizes the Department of Natural Resources to issue a lifetime complimentary hunting license to an out-of-state person who is a former prisoner of war or a 100% service-connected disabled American veteran if the person's state of residence extends similar privileges to former prisoners of war or disabled veterans of Maryland.

Aid to Military Personnel and Veteran-owned Small Businesses

State law provides for several programs and other methods of assistance to military personnel and veteran-owned small businesses. ***Senate Bill 30*** ***(Ch. 3)*** requires agencies awarding contracts with an expected goal for veteran-owned small business participation to comply with specified requirements for procurements conducted by competitive sealed bidding and competitive sealed proposals. For a more detailed discussion of ***Chapter 3***, see the subpart "Procurement" within this part of this *90 Day Report*.

Senate Bill 896 ***(passed)*** establishes the Military Personnel and Veteran-Owned Small Business No-Interest Loan Fund to provide no-interest loans under the existing Military Personnel and Veteran-Owned Small Business No-Interest Loan Program and requires the Department of Business and Economic Development to give priority to businesses owned by military reservists and National Guard personnel who are called to active duty and to veteran-owned small businesses if the availability of funds is limited under the program. For a further discussion of ***Senate Bill 896*** see the subpart "Economic Development" within Part H – Business and Economic Issues of this *90 Day Report*.

Disposition of Cremains

Senate Bill 433 ***(passed)*** establishes a process for identifying whether unclaimed cremains are those of a veteran or an eligible dependent for the purpose of disposition of the cremains. For a further discussion of ***Senate Bill 433*** see the subpart "Business Regulation" within Part H – Business and Economic Issues and the subpart "Health Occupations" within Part J – Health and Human Services of this *90 Day Report*.

Higher Education

Senate Bill 865/House Bill 11 (both passed) expand the eligibility requirements for the Edward T. Conroy and Jean B. Cryor Memorial Scholarship programs to include the stepchildren of U.S. Armed Forces members who meet certain criteria. ***House Bill 799 (passed)*** requires each public institution of higher education to comply with federal law exempting specified veterans of the U.S. Armed Forces, and their spouses and children, from paying out-of-state tuition at a public institution of higher education. For a more detailed discussion of ***Senate Bill 865/House Bill 11*** and ***House Bill 799***, see the subpart "Higher Education" within Part L – Education of this *90 Day Report*.

Court Fees

According to the most recent schedules of fees charged by the District Court and the State Court Administrator, a clerk of court generally collects 50 cents per page for copies. ***Senate Bill 61 (Ch. 4)*** requires a clerk of court to provide, without charge, to active-duty members of the U.S. Armed Forces a copy of (1) any paper or record that is requested by the member in person if the copy is to be used in connection with a claim of the member against the U.S. government; (2) a marriage record of the active member that is requested by the member; and (3) a copy of a marriage record of the member or of a surviving spouse or child of the member that is request if the copy is to be used in connection with a claim for a dependent or beneficiary of the member.

Income Taxes

Chapter 226 of 2006 expanded a $2,500 military retirement income subtraction that was previously limited to enlisted military members with federal adjusted gross income of $22,500 or less. Chapter 226 allows an individual to exempt the first $5,000 of military retirement income from State and local taxation if the retirement income resulted from service in an active or reserve component of the U.S. Armed Forces or in the Maryland National Guard. ***Senate Bill 592 (passed)*** further expands the existing military retirement income tax subtraction modification by increasing from $5,000 to $10,000 the maximum amount of retirement income that can be excluded from Maryland adjusted gross income for purposes of calculating Maryland income tax liability. In order to qualify for the increased subtraction modification, the individual must be at least 65 years old on the last day of the taxable year.

Public Health Services – Developmental Disabilities Administration

Senate Bill 563 (passed) provides that a dependent of a legal resident who is eligible to receive services from the Developmental Disabilities Administration or is eligible to receive waiver services from the Department of Health and Mental Hygiene under the Maryland Medical Assistance Program retains eligibility for those services under certain circumstances. A "legal resident" is defined as an individual who maintains a permanent home in the State, or lists the State as their home of record, and who, when absent due to military obligation, intends to return to the State. For a more detailed discussion of ***Senate Bill 563*** see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

State Designations

Commemorative Days

The Vietnam War was fought in Vietnam from 1961 to 1975 and cost the lives of more than 58,000 members of the U.S. Armed Forces, including 1,014 from Maryland. Veterans of the Vietnam War were caught on their return home in the crossfire of an extremely divisive public debate about the war, which deprived many of those veterans, some of whom were wounded, of public support and appreciation of their patriotic service. ***Senate Bill 80*/*House Bill 1118* (Chs. 1 and 2)** designate March 30 as Welcome Home Vietnam Veterans Day in recognition of their service and sacrifice.

Thurgood Marshall, one of the most prominent civil rights attorneys in the nation's history, was born in Baltimore on July 2, 1908. As an attorney for the NAACP, Thurgood Marshall argued numerous cases before the U.S. Supreme Court and won several landmark cases, including *Brown v. Board of Education of Topeka* (1954). In 1967, Marshall became the first African American justice to serve on the U.S. Supreme Court. Thurgood Marshall died in 1993. ***House Bill 340* (passed)** requires the Governor annually to proclaim July 2 as Thurgood Marshall Day and to urge educational and cultural organizations to observe Thurgood Marshall Day properly.

Maryland is a dynamic and culturally diverse State comprising people from around 160 different countries. Maryland has the tenth highest concentration of foreign-born residents in the nation. Based on 2013 U.S. Census data, there are approximately 114,000 South Asian Americans living in Maryland, which represents one-third of the total Asian American population in Maryland. Countries that comprise South Asia include Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. ***Senate Bill 422*/*House Bill 746* (both passed)** require the Governor annually to proclaim October 2 as South Asian American Heritage Day. The proclamation must urge educational and cultural organizations to observe South Asian American Heritage Day properly with appropriate programs, ceremonies, and activities.

Elections

Voting Rights

The General Assembly passed several pieces of legislation to enfranchise certain individuals or protect the right to vote. ***Senate Bill 340*/*House Bill 980* (both passed)** allow an individual convicted of a felony to vote immediately after being released from incarceration. The bills repeal a requirement that an individual convicted of a felony wait to exercise the franchise until after completing any term of parole or probation for the conviction. It is estimated that the bill will allow approximately 40,000 individuals on parole or probation for a felony conviction to become eligible to register to vote.

***Senate Bill 97* (Ch. 9)** requires that a ballot properly cast by an individual who dies before the ballot is canvassed must be counted in full, unless a law or regulation unrelated to the death of

the voter requires that the ballot be fully or partially rejected. The Act repeals a provision of law requiring that an absentee ballot be rejected if the voter died before Election Day.

***House Bill 73* (passed)** authorizes the Attorney General to seek an injunction to prohibit a person from committing an imminent violation or continuing to commit a violation of certain election laws that prohibit voter suppression and voter fraud. The crimes that the bill applies to include voting under a false name, voting more than once in the same election, and influencing a voter's decision whether to go to the polls through the use of force, fraud, threat, menace, intimidation, bribery, reward, or offer of reward. An action for injunctive relief is governed by the Maryland Rules. A circuit court may grant injunctive relief only to prevent a violation from affecting a pending election. To obtain an injunction, there must be a showing of clear and convincing evidence that a violation is imminent or is being committed. If a violation is committed by the Attorney General or an individual opposing the Attorney General in any contest on the ballot, the Attorney General may not seek an injunction. In those circumstances, the State Prosecutor may seek an injunction instead of the Attorney General.

Election Administration

***Senate Bill 204*/*House Bill 396* (both passed)** move the date of the presidential primary election from the first Tuesday in April to the fourth Tuesday in April. This change avoids the necessity of conducting early voting on Easter Sunday in 2016, as would be required under current law. The bills also make changes to various administrative procedures and deadlines. Many of these changes are related to the change of the date of the primary election or facilitate compliance with the federal law that requires ballots be sent to certain military and overseas voters at least 45 days before an election. In addition, the bills eliminate a requirement that certain campaign finance entities file a campaign finance report on the third Tuesday in April in a presidential election year.

***House Bill 284* (Ch. 82)** requires an election director of a local board of elections to determine whether a summary of local legislation contained in a petition is legally sufficient before the petition is circulated for signatures. If the election director determines that the summary is not sufficient, the election director must provide an explanation of why it is not sufficient. The election director must make the determination of sufficiency within 10 business days and may seek the advice of the counsel to the local board or the Attorney General in making the determination. The Act is intended to prevent a situation where signatures on a petition must be discarded due to a determination *after* they have been collected that the local legislation summary contained in the petition was insufficient.

***Senate Bill 5* (passed)** requires that the canvass of votes cast during early voting be open to public observation. The bill also provides that a board of canvassers and the staff of a local board may be observed as they complete each part of the canvass by certain authorized observers and any other individuals who wish to be present. A candidate, political party, or any other group of voters supporting or opposing a candidate, principle, or proposition on the ballot may designate an individual to observe the canvass. The State Board of Elections must ensure that the bill's requirements are implemented uniformly and consistently by each local board of elections.

Campaign Finance

Maryland's system of public campaign financing for tickets for Governor and Lieutenant Governor was extensively used in the 2014 elections after a long period of dormancy. However, the special fund used to finance the system has insufficient money to support qualifying tickets in future elections due to disbursements to qualifying tickets in 2014, previous use of the fund for other election-related projects, and the elimination in 2010 of the fund's principal revenue source – a checkoff on the individual income tax return. The current balance in the Fair Campaign Financing Fund (fund) is approximately $1.1 million, far less than the amount required to fully fund one gubernatorial ticket in the 2018 elections. ***House Bill 485 (passed)***, an Administration bill, seeks to replenish the fund by restoring the checkoff on the individual income tax return and directing certain fees, fines, and penalties under the Election Law and the Ethics Law to the fund. The bill also prohibits a publicly financed gubernatorial ticket from engaging in certain fundraising activities.

House Bill 485 provides that an individual, or each spouse in the case of a joint return, may contribute any amount to the fund that they wish through the checkoff on the individual income tax return. The amount of any contribution is deducted from any refund that is owed or added to the amount of tax to be paid with the return. The bill also allocates certain other revenues to the fund, including:

- fees for late filing of campaign finance reports and lobbying reports;
- civil penalties for violations of the campaign finance law and the lobbying law;
- fines for criminal violations of the election law and the lobbying law;
- candidate filing fees;
- anonymous contributions made to a campaign finance entity;
- surplus campaign funds voluntarily donated to the fund when a campaign finance entity terminates; and
- voluntary contributions to the fund made electronically through the State board's website.

Most of these revenues are currently distributed to the general fund of the State. The bill authorizes the State Board of Elections to spend a limited amount of money in the fund to pay the costs of administering the system of public campaign financing.

House Bill 485 also makes substantive changes to the public financing program. The bill prohibits a gubernatorial ticket that files a notice of intent to qualify for public financing from soliciting private contributions or engaging in any political fundraising activity for the benefit of any other political committee or any other entity engaged in election campaign activity. The members of a gubernatorial ticket may not authorize the use of their names or images for campaign fundraising by any other entity. A gubernatorial ticket that files a notice of intent also may not be

a member of a slate that does not receive a public contribution. A gubernatorial ticket that receives a public contribution may not transfer funds to another campaign finance entity or make an expenditure to assist the fundraising efforts of any other political committee.

House Bill 775 ***(passed)*** requires the inaugural committee of the Governor and the Lieutenant Governor to disclose its donors and disbursements to the public. An inaugural committee is an entity formed for the exclusive purpose of receiving private donations and making disbursements to finance the inaugural festivities of the Governor and the Lieutenant Governor. The inaugural committee of the Governor and the Lieutenant Governor is required to register with the State Board of Elections, maintain records of donations and disbursements, and file reports of donations and disbursements with the State board at certain times. The reports of an inaugural committee must be made publicly available on the Internet. An inaugural committee may not make a disbursement for any election campaign purpose or for any purpose other than financing the inaugural festivities of the Governor and the Lieutenant Governor. An inaugural committee must terminate by a certain time and dispose of any surplus funds by returning the funds to the donors or contributing them to charity or to the Fair Campaign Financing Fund.

House Bill 769 ***(passed)*** makes several clarifying changes and revisions to Title 14 of the Election Law Article. Title 14 requires a business holding a contract of $200,000 or more with the State or its political subdivisions to file regular reports with the State Board of Elections 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.

Additionally, the bill:

- clarifies that a business that held a government contract on December 31, 2014, must continue to file reports disclosing campaign contributions until the business no longer holds a government contract;

- requires a business subject to Title 14 to disclose contributions or donations made for the benefit of certain candidates, which includes any disbursements to an independent expenditure entity;

- establishes streamlined reporting requirements for businesses subject to Title 14 that hold many government contracts or that do not make any contributions to certain candidates of $500 or more; and

- alters the due dates and reporting periods for the reports required under Title 14.

Under the State ethics law, a person who spends at least $500 to provide compensation to a regulated lobbyist and makes campaign contributions to certain candidates or incumbent office holders of $500 or more is required to file reports similar to those required under Title 14 of the Election Law Article. ***Senate Bill 767*** ***(passed)*** makes several revisions to the ethics law similar to provisions in the election law, including authorizing the State Board of Elections to impose fees

for the late filing of reports required of a person subject to the reporting requirements of the ethics law.

***Senate Bill 755* (passed)** exempts a candidate for election to the central committee of a political party from the requirement to establish a political committee and file campaign finance reports if the candidate spends less than $1,000 in personal funds and does not accept contributions. An exempt central committee candidate must keep records of spending and file an affidavit at the time of filing a certificate of candidacy that states that the candidate will spend less than $1,000 in personal funds and will not accept contributions. The State Prosecutor or the State's Attorney with jurisdiction is authorized to impose a civil penalty of $1,000 on a central committee candidate who violates the bill's requirements. A candidate who violates the bill is also subject to criminal sanctions.

Ethics

The State Ethics Commission, the Joint Committee on Legislative Ethics, and the Commission on Judicial Disabilities, or another body designated by the Court of Appeals administer the conflict of interest and financial disclosure provisions of the Public Ethics Law. ***Senate Bill 343* (passed)** authorizes these entities to provide confidential, informal advice in addition to issuing formal advisory opinions.

An individual who assists an executive unit of State government in activities related to the drafting of specifications, an invitation for bids, or a request for proposals for a procurement, or the selection or award made in response to an invitation for bids or request for proposals may not submit a bid or proposal on that procurement. The restriction also applies to a person who employs an individual who performs any of these activities. ***House Bill 738* (passed)** removes responsibility for administering this restriction from the State Ethics Commission and, instead, transfers jurisdiction to the Maryland State Board of Contract Appeals to consider appeals of actions taken by a procurement unit alleging a violation of this restriction.

The Public Ethics Law requires a person to file a statement with the State Board of Elections if the individual spends at least $500 to compensate one or more regulated lobbyists and makes or caused to be made certain political contributions. ***Senate Bill 767* (passed)** makes a series of clarifications to conform provisions of the Public Ethics Law dealing with this requirement to related provisions of the Election Law Article.

Procurement

Procurement Procedures

Service Contracts

It is the policy of the State to use State employees to perform State functions in State-operated facilities rather than contracting out services to private-sector companies. Service

contracts with a value of at least $100,000 are exempt from this statutory preference under specified circumstances. Executive Branch agencies seeking to procure service contracts that are not exempt must demonstrate that the contract will meet specified cost-saving thresholds, but service contracts entered into by public four-year institutions of higher education are not required to meet those thresholds. ***Senate Bill 243*/*House Bill 158* (both passed)** require Executive Branch agencies with independent personnel systems to adopt rules and regulations similar to those that apply to other Executive Branch agencies. They also require each nonexempt service contract to be subject to a legislative audit to determine compliance with requirements in current law. Furthermore, agencies that enter into a nonexempt service contract must give employee representatives a reasonable opportunity to meet and discuss alternatives to the contract.

Appeals

An individual who assists an executive unit of State government in activities related to the drafting of specifications, an invitation for bids, a request for proposals for a procurement, or the selection or award made in response to an invitation for bids or request for proposals may not submit a bid or proposal on that procurement. The restriction also applies to a person who employs an individual who performs any of these activities. ***House Bill 738* (passed)** removes responsibility for administering this restriction from the State Ethics Commission and, instead, transfers jurisdiction to the Maryland State Board of Contract Appeals to consider appeals of actions taken by a procurement unit alleging a violation of this restriction.

Payment and Performance Security

***Senate Bill 453*/*House Bill 936* (both passed)** clarify the requirements for payment and performance security that a contractor must submit under a public-private partnership established under State law.

Studies

Two new groups will be established to study various aspects of State procurement policy. ***Senate Bill 109* (Ch. 12)** establishes the Task Force to Study Small and Minority Design Firm Participation in State Procurement to examine the application of liquidated damages on open-ended contracts for architectural and engineering services. ***Senate Bill 662* (passed)** establishes the One Maryland Blue Ribbon Commission to develop policy recommendations on how the State can improve the procurement process to ensure transparency and greater participation by businesses located in the State.

Procurement Exemptions

State law allows some procurements to be exempted from most statutory procurement requirements or to be expedited to meet emergency circumstances, and two bills add to the list of such procurements. ***House Bill 1224* (passed)** authorizes the State Highway Administration to conduct an emergency procurement for any contract related to the pretreatment and removal of snow and ice from State roadways. ***House Bill 1104* (passed)** exempts from most State

procurement law any procurements by the Maryland Public Broadcasting Commission that are necessary to implement the "repacking" requirements of the federal Spectrum Act.

Purchasing Preferences

The State and some local governments give procurement preferences to specified entities, and several measures expand or otherwise address those preferences. ***Senate Bill 350/House Bill 243 (both passed)*** raise the annual contract award goal for veteran-owned businesses under the Veteran-Owned Small Business Enterprise (VSBE) program from 0.5% to 1.0% of State procurement spending. ***Senate Bill 30 (Ch. 3)*** clarifies that agencies awarding contracts under the VSBE program must do so in accordance with requirements governing contract awards in current law. ***House Bill 349 (passed)*** eliminates the Pricing Committee for Blind Industries and Services of Maryland (BISM), which has a statutory procurement preference, and instead merges its duties and functions into the Pricing and Selection Committee for the Employment Works Program. The new committee must ensure that supplies and services provided by BISM or a community service provider create work opportunities for individuals with mental or physical disabilities, including blindness. The bill also requires the Governor's Office of Minority Affairs and the Department of General Services to submit specified reports on the impact on minority business enterprises of the requirement that janitorial products be purchased from BISM when available.

With respect to local governments, ***House Bill 634 (passed)*** authorizes the Prince George's County Board of Education, in consultation with specified stakeholders, to establish a certified county-based business participation program to facilitate the participation of county-based businesses in its procurement of supplies, services, and construction.

Personnel

Impact of Budget Actions on State Employees

As introduced, the fiscal 2016 budget reduced State employee salary schedules by 2%. ***House Bill 72 (passed)***, the Budget Reconciliation and Financing Act (BRFA) of 2015, prohibits amending the compensation plan for State employees, except those subject to the Executive Pay Plan, to a compensation rate lower than the employee's rate of compensation in effect on January 1, 2015. As a result, the General Assembly amended the fiscal 2016 budget to set aside funds to offset the 2% reduction in State salary schedules. The offset gives the Governor the option of appropriating funds sufficient to restore the 2% reduction in State employees' salaries in fiscal 2016. If the Governor chooses to not appropriate funds sufficient to restore the 2% salary reduction, the Governor may have to take other personnel actions, including furloughs, to cover the unfunded 2% offset in the fiscal 2016 budget.

The fiscal 2016 budget also included no funds for merit increases for State employees. The BRFA of 2015 includes a provision that prohibits State employees from receiving merit increases in fiscal 2016, with several exceptions. Among these exceptions are increases necessary to retain

faculty at the State's four-year public universities and salary increases for operationally critical staff.

In fiscal 2016, the size of the regular State workforce, including State higher education institution employees, will be 80,807 positions. This number represents a decrease of 297 positions over fiscal 2015 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

Unless otherwise specified, State employees are in the State Personnel Management System and subject to either the Standard Pay Plan or the Executive Pay Plan, which are effective in a fiscal year only to the extent that sufficient funds are available in the State budget. Pay rates in the Standard Pay Plan may be set by a series of pay grades and steps within each grade, fixed rates, or minimum and maximum amounts. Salary guidelines established by the Secretary of Budget and Management provide that employees who receive positive performance evaluations are entitled to step increases in their salary grade.

***Senate Bill 793* (passed)** establishes that regulations adopted by the Secretary related to the Standard Pay Plan must provide for automatic increases, from minimum to maximum steps in a pay grade, of the pay rates set by the Standard Pay Plan for an employee whose overall performance is rated satisfactory or above on the employee's annual performance appraisal form.

***House Bill 564* (passed)** alters the leave policies for State employees of units in the Executive Branch of State government in family situations. A unit may not limit to less than 60 days the aggregate number of accrued sick leave days that two State employees who are responsible for the care and nurturing of a child may use, without certification of illness or disability, to care for the child immediately following its birth or adoption. In addition, when implementing the federal Family and Medical Leave Act of 1993, a unit may not limit to less than 24 weeks the aggregate number of weeks of family and medical leave that two employees who are married to one another may use during a 12-month period for the birth of a child; the placement of a child through adoption or foster care; a serious health condition of a child who is a minor; or the care of an adult child, if the adult child is incapable of self-care.

State Employees and Procurement Practices

The Joint Committee on Fair Practices and State Personnel Oversight has oversight responsibilities over employment policies and personnel systems in the Executive Branch, matters in State government of equal employment opportunity policies and practices, and procurement practices made under executive order. ***House Bill 46* (passed)** eliminates the Joint Committee on Fair Practices and State Personnel Oversight responsibility to oversee procurement practices made under executive order and clarifies that the committee has oversight responsibilities over matters in State government of equal employment opportunity policies and practices only for State employees.

Generally, it is the policy of the State to use State employees to perform State functions in preference to contracting with the private sector to perform those functions. ***Senate Bill 243*/*House Bill 158* (both passed)** require an Executive Branch agency that seeks to enter into a service contract that is not exempt from the explicit preference in State law to use State employees to provide services, to provide the exclusive representative of affected employees with a reasonable opportunity to meet and discuss alternatives to the proposed contract. The bills further specify that nonexempt service contracts are subject to legislative audits to determine compliance with requirements in applicable State law, and that audit findings be made available to the public. The bills also require units in the Executive Branch with an independent personnel system to adopt regulations similar to the provisions in the bills.

Pensions and Retirement

Pension Funding

Together, the fiscal 2016 budget and ***House Bill 72* (passed)**, the Budget Reconciliation and Financing Act (BRFA) of 2015, made substantial modifications to the State's pension funding formula. Most of the changes are contained in the BRFA of 2015, which repeals the corridor funding method beginning in fiscal 2017, and maintains the ongoing supplemental contribution but reduces it to $75 million annually until the pension fund reaches the 85% funded level on an actuarial basis. The actuarial funding method is the preferred funding method among actuaries and is viewed favorably among credit rating agencies. The BRFA of 2015 also requires that one-half of the unappropriated general fund balance in excess of $10 million be paid to the pension fund, up to a maximum of $50 million annually, from fiscal 2017 through 2020. The fiscal 2016 budget reduces the supplemental contribution for fiscal 2016 from $150 million to $75 million to conform to the provision in the BRFA of 2015.

The corridor funding method was enacted during the 2002 legislative session. It froze employer contribution rates for the Teachers' Combined Systems (TCS) and the Employees' Combined Systems (ECS) at the fiscal 2002 levels as long as each system's funding level was between 90% and 110%. When a system's funding level fell out of that "corridor," the contribution rate increased by 20% of the difference between the previous year's rate and the "full actuarial rate" necessary to fully fund future payments. ECS fell out of the corridor in fiscal 2005, and TCS followed in fiscal 2006. Chapters 475 and 476 of 2013 phased out the corridor funding method over 10 years, and in the absence of the BRFA of 2015, both systems would have been restored to full actuarial funding by fiscal 2024. However, the BRFA of 2015 accelerates the phase-out and institutes full actuarial funding in fiscal 2017.

Based in large part on recommendations by the 2010 Public Employees' and Retirees' Benefit Sustainability Commission, pension reform provisions of Chapter 397 of 2011 established a goal that the State Retirement and Pension System (SRPS) would achieve an actuarial funding level of 80% within 10 years, in part by reinvesting savings generated by the pension reforms into the pension trust fund in the form of a supplemental contribution in excess of the statutorily determined contribution. The original intent of the supplemental contribution was to narrow the

gap between the amount contributed under the corridor funding method and the much higher amount that would have been contributed under full actuarial funding. The commission's final report recommended that as economic conditions improve and pension liabilities are reduced, an alternative funding model that provides for both adequate funding for the pension system and relatively stable contribution rates over the long term should be developed. The commission said the plan should include the termination, at the appropriate times, of both the corridor funding method and the transitional excess contributions required by the 2011 reforms. Under the BRFA of 2015, actuarial projections predict that the system will reach the 80% funding level within the original 10-year goal with a supplemental contribution of $75 million due to higher-than-expected investment returns and other factors.

Member Benefits

Membership in the Employees' Pension System (EPS) became mandatory for elected and appointed officials who took office on or after July 1, 2004, as well as other specified governmental employees who, until then, had optional membership in EPS. In a recent study requested by the General Assembly, the State Retirement Agency noted that employee and employer contributions are still required to be made for these individuals even though there is a high likelihood that many of them will not satisfy a new 10-year vesting requirement enacted in 2011. ***Senate Bill 560 (passed)*** returns to optional membership in EPS for elected and appointed officials, other specified governmental employees who had optional membership prior to July 1, 2004, and employees of a participating governmental unit (PGU) who were employees prior to the PGU's effective date of participation. Optional membership is not extended to an individual who was required to be a member of EPS on or before June 30, 2015.

In 2012, a five-year vesting requirement was added for individuals who become members of the Judges' Retirement System (JRS) on or after July 1, 2012. ***Senate Bill 103*/*House Bill 77 (both passed)*** make several changes to clarify the effects of the vesting requirement. As judges are required to retire at age 70, a judge who becomes a member of JRS after age 65 would not be able to accumulate enough credit to receive a benefit. The bills allow a judge to qualify for a prorated retirement allowance if the judge is unable to accumulate the five years necessary to vest due to mandatory retirement. In the event that the mandatory retirement age is altered in the future, as was proposed in legislation that failed this session (***Senate Bill 847 (failed)***), the bills substitute the specific reference to age 70 as the mandatory retirement age with a cross reference to the Constitutional provision that contains the mandatory retirement age.

Senate Bill 103*/*House Bill 77 also include changes that make JRS consistent with the other plans in SRPS by repealing a limitation on the time for withdrawing member contributions and adding provisions governing the termination of JRS membership. Finally, the bills make clarifying changes to the provisions governing reemployment of JRS retirees.

Senate Bill 104 (Ch.11) repeals a requirement that a member of the Correctional Officers' Retirement System (CORS) serve at least the final five years before retirement in a CORS-eligible position in order to qualify for a normal service retirement under CORS. Unlike other plans in SRPS, CORS does not provide for a service retirement based on age. The Act adds age

requirements for service retirement, consistent with the existing age requirements for receiving a vested allowance. The Act also allows correctional officers who are members of the Employees' Retirement System (ERS) to join CORS and transfer their service credit from ERS to CORS. Chapter 188 of 2014 allowed members of EPS to make the same transfer, and ***Chapter 11*** clarifies that individuals who transfer into CORS under the Act or under Chapter 188 of 2014 are not subject to a provision that would require them to remain employed for five years after transferring in order to qualify for CORS benefits.

Senate Bill 286/***House Bill 694*** ***(both passed)*** require that employees of the Warrant Apprehension Unit (WAU) in the Department of Public Safety and Correctional Services who have the powers granted by statute to a peace officer or police officer be enrolled as members of the Law Enforcement Officers' Pension System (LEOPS) as a condition of their employment; currently, they are members of EPS. It also gives current WAU employees who have the powers of a peace officer or police officer six months to elect to transfer to LEOPS and sets forth conditions for those transfers.

In 2011 the Reformed Contributory Pension Benefit (RCPB) was established in EPS. As part of that reform, a member who was subject to the Alternate Contributory Pension Selection (ACPS) on or before June 30, 2011, and was separated from employment for less than four years, could resume participation in ACPS if the member resumes employment on or before June 30, 2016. ***Senate Bill 364*** ***(passed)*** allows a vested former member who has been separated from employment for more than four years to resume participation in ACPS, rather than RCPB, if the former member resumes employment on or before June 30, 2016.

Senate Bill 639 ***(passed)*** allows each local school superintendent and the superintendent of the Maryland School for the Deaf to hire up to five retirees of the Teachers' Retirement or Pension System at any one time to work in any position and be exempt from a reduction in retirement benefits.

Senate Bill 726/***House Bill 907*** ***(both passed)*** authorize the Town of Sykesville to purchase additional service credit for service credit earned by employees before the town became a PGU in EPS.

Senate Bill 442 ***(Ch. 33)*** makes the Dorchester County Sanitary Commission eligible to become a PGU in EPS. The bill also allows employees who were in EPS prior to the 2011 reform to remain in ACPS.

Pension System Administration

Several bills sponsored by the Joint Committee on Pensions at the request of the SRPS Board of Trustees clarify and simplify provisions in pension law related to the administration of benefits. ***House Bill 217*** ***(passed)*** clarifies that SRPS members who retire may receive creditable service for unused sick leave only if the unused leave was available as sick leave while they were employed. ***Senate Bill 432*** ***(Ch. 32)*** clarifies current practice regarding the conditions under which a member of the Teachers' Pension System (TPS) and EPS can combine prior eligibility service credit in a part of EPS or TPS subject to a different benefit accrual rate with current service credit.

The bill makes no substantive changes. ***Senate Bill 76 (Ch. 7)*** corrects an oversight in current law by clarifying that the definition of "noncontributory pension benefit" in statute does not include RCPB. ***Senate Bill 102 (Ch.10)*** requires the Board of Trustees to transfer employee contributions and accrued interest held on behalf of nonvested members from the annuity savings account to the accumulation fund when membership terminates. However, former members do not forfeit their right to a return of accumulated contributions and interest as a result of the Act.

General Assembly

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

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

Maryland Economic Development and Business Climate Commission

In 2014, the President of the Senate and the Speaker of the House of Delegates established and appointed the Maryland Economic Development and Business Climate Commission to focus on the State's economic development structure and incentive programs in order to make recommendations to the Presiding Officers. The commission issued a report containing 10 findings and 32 recommendations which resulted in the introduction of a package of bills, including two that established new groups with legislative membership.

House Bill 939 (passed) establishes the Advisory Council on the Impact of Regulations on Small Businesses within the Department of Business and Economic Development to review proposed regulations and determine whether they have a significant impact on small businesses. One member of the Senate and one member of the House of Delegates will serve on the advisory council.

House Bill 941 (passed) establishes the Task Force to Study Exemptions from Higher Education Ethics Requirements and Procurement Rules to Facilitate Technology Transfer. The task force includes two members of the Senate and two members of the House of Delegates.

Procurement

Senate Bill 662 (passed) establishes the One Maryland Blue Ribbon Commission to review issues related to the participation of businesses located in Maryland in State procurement and to develop policy recommendations on how the State can improve the procurement process to ensure transparency and greater participation by these businesses. Two members of the Senate and two members of the House of Delegates will serve on the commission.

Climate Change

***Senate Bill 258*/*House Bill 514* (both passed)** establish the Commission on Climate Change within the Maryland Department of the Environment to advise the Governor and General Assembly on ways to mitigate the causes of, prepare for, and adapt to the consequences of climate change. The commission includes one member of the Senate and one member of the House of Delegates.

Education

***Senate Bill 497*/*House Bill 452* (both passed)** create the Commission to Review Maryland's Use of Assessments and Testing in Public Schools, which includes two members of the Senate and two members of the House of Delegates. The commission must survey, assess, and review various State and local educational practices and policies and make recommendations on how local school systems and the State can improve the process in which mandated assessments are administered and used to inform instruction and, if the commission finds that the allotted time for administering assessments is resulting in reduced instruction time, the most efficient and effective methods to ensure that adequate time is allotted to both administering assessments and instruction.

One member of the Senate and one member of the House of Delegates will serve on the Task Force to Study the Implementation of a Dyslexia Education Program, created by ***Senate Bill 15*/*House Bill 278* (both passed)**. The task force must determine current practices for identifying and treating dyslexia in students in Maryland and in other states and make recommendations related to funding a dyslexia education program, practices for treating and educating students identified as having dyslexia, and methodologies and the appropriate age to begin testing for dyslexia.

***Senate Bill 403*/*House Bill 375* (both passed)** replace the Maryland School-Based Health Center Policy Advisory Council with the Maryland Council on Advancement of School-Based Health Centers. The purpose of the advisory council is to improve the health and educational outcomes of students who receive services from school-based health centers. The advisory council includes one member of the Senate and one member of the House of Delegates.

Health

The Joint Committee on Behavioral Health and Opioid Use Disorders established by ***Senate Bill 607*/*House Bill 896* (both passed)** has oversight over the Prescription Drug Monitoring Program, State and local programs to treat and reduce behavioral health disorders, and State and local programs to treat and reduce opioid use disorders. The committee consists of five members of the Senate and five members of the House of Delegates.

***Senate Bill 74* (Ch. 6)** establishes the Task Force to Study Maternal Mental Health to explore and make recommendations regarding maternal mental health disorders that occur during pregnancy and the first postpartum year. The task force includes one member of the Senate and one member of the House of Delegates.

Public Safety

House Bill 533 ***(passed)*** establishes the Commission Regarding the Implementation and Use of Body Cameras by Law Enforcement Officers. The commission includes one member of the Senate and one member of the House of Delegates.

Human Trafficking

House Bill 456 ***(Ch. 91)*** establishes the Workgroup to Study Safe Harbor Policy for Youth Victims of Human Trafficking, which includes one member of the Senate and one member of the House of Delegates. The workgroup must study legal protections and the provision of services for youth victims of human trafficking.

Justice Reinvestment

The Justice Reinvestment Coordinating Council, established by ***Senate Bill 602*** ***(Ch. 42)***, must develop a statewide framework of sentencing and corrections policies to reduce the State's incarcerated populations, reduce spending on corrections, and reinvest in strategies to increase public safety and reduce recidivism. The council's membership includes three members of the Senate and three members of the House of Delegates.

Disabled Individuals

The Task Force on the Maryland Achieving a Better Life Experience (ABLE) Program, created by ***Senate Bill 761***/***House Bill 1105*** ***(both passed)***, includes two members of the Senate and two members of the House of Delegates. The task force must develop a plan for implementing the Maryland ABLE program. The federal Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 created a new Section 529A of the Internal Revenue Code that allows a state (or state agency or instrumentality) to establish a tax-advantaged savings program for contributions to an account to pay for disability expenses of the beneficiary who is a resident of the state and who is disabled.

Family Caregiving

Senate Bill 297 ***(passed)*** establishes the Task Force on Family Caregiving and Long-Term Supports, which must identify policies, resources, and programs available for family caregivers; find innovative and creative means to support family caregivers; receive testimony on the needs of family caregivers; compile an inventory of the resources available to family caregivers; and evaluate and recommend actions the State could take to develop, train, and retain a qualified and responsive in-home care workforce. The task force includes one member of the Senate and one member of the House of Delegates.

Crownsville Hospital Center

House Bill 27 ***(passed)*** creates the Task Force on the Disposition of the Crownsville Hospital Center Property. The task force includes one member of the Senate, two members of the

House of Delegates, and one member of the Legislative Black Caucus. The task force must make recommendations on the sale, transfer, or other disposition of the Crownsville Hospital Center property.

Mandated Reports by State Agencies

During the 2014 interim, the Department of Legislative Services (DLS) conducted a review of reports that Executive Branch agencies are required to provide to the General Assembly to identify requirements that have become obsolete, duplicative, impractical, inefficient, or otherwise unnecessary. ***House Bill 67 (Ch. 58)*** consolidates, reschedules, and clarifies various reporting requirements and repeals specified other reporting requirements. For a more detailed discussion of this issue, see the subpart "State Agencies, Offices, and Officials" under this Part C – State Government of this *90 Day Report.*

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. This law requires DLS periodically to undertake the evaluations according to a statutorily based schedule. These evaluations are more commonly known as "sunset review" because the agencies subject to review are usually also subject to termination ("sunset") unless legislation is enacted to reauthorize them. The methodology for conducting the evaluations by DLS involves an extensive evaluation process by DLS staff. The goals of the process have evolved to reflect the General Assembly's interest in identifying the strengths and weaknesses of the various regulatory entities that are subject to program evaluations and addressing through legislation appropriate issues relating to the structure, performance, and practices of the agencies.

House Bill 68 (Ch. 59) repeals the termination date for the State Board of Nursing Home Administrators and requires a preliminary sunset evaluation of the board by December 15, 2024.

Annotated Code – Annual Corrective and Curative Bills

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

These corrective measures are the Annual Corrective Bill, ***Senate Bill 223 (Ch. 22)***, and the Annual Curative Bill, ***Senate Bill 222 (Ch. 21)***, respectively. Neither enactment contains any substantive change.

Part D
Local Government

Local Government – Generally

Counties

Intergovernmental Cooperation

***Senate Bill 21*/*House Bill 187* (both passed)** authorize Cecil County and Queen Anne's County to contract with another governmental entity for the joint or cooperative performance of governmental functions. The bills also authorize Cecil County and Queen Anne's County to accept any gift or grant from the federal or State government or any unit of federal or State government and use the gift or grant for any lawful purpose for which it is received.

Municipalities

Parking Authorities

Under the Parking Authorities Act, a parking authority, though mainly governed by local law, has as its main purpose the construction, maintenance, operation, and regulation of parking facilities in the jurisdiction. A parking authority may collect fees at authority parking facilities or issue tax-exempt bonds in order to raise money for the purchase of property and the construction of facilities or improvements. Any net earnings an authority realizes must be utilized for the benefit of the jurisdiction. If an authority is terminated, all of its obligations and assets are transferred to the local jurisdiction. ***Senate Bill 540*/*House Bill 809* (both passed)** authorize municipalities to establish parking authorities under the Parking Authorities Act. Municipalities are required to determine specified matters by local law including budgetary and financial procedures and the authorization, issuance, sale, delivery, and payment of specified revenue bonds as authorized under the Parking Authorities Act. The bills also prohibit municipalities from granting a parking authority independent taxing authority.

Counties and Municipalities

Land Use Plans

Local jurisdictions are required to enact, adopt, amend, and execute a comprehensive plan in accordance with State law. Certain elements must be included in a comprehensive plan and additional permissive elements may be included. A comprehensive plan also must include or implement specified visions stated in the law. At least once every 10 years, the planning commission of a local jurisdiction must review the comprehensive plan and, if necessary, revise or amend the plan to include all required elements and the specified visions.

A planning commission may prepare comprehensive plans for one or more geographic sections or divisions of the local jurisdiction if each plan is reviewed and, if necessary, revised or amended at least once every 10 years. The Maryland Department of Planning describes a comprehensive plan as "a document, officially adopted by the local governing body, which spells out the manner in which a municipality, county, or sub-area of a county must develop." The local jurisdiction's zoning, provision of water and sewer facilities, and other actions must be consistent with the plan's recommendations.

A November 2014 Attorney General opinion concluded that, in municipalities and counties that are not charter home rule counties, a legislative body of a local jurisdiction does not have the authority to adopt material changes to a comprehensive plan or plan amendment prepared and approved by the planning commission. The opinion instead indicated that the legislative body's ability to influence changes to a plan or plan amendment is limited to voting against adoption and sending the plan or plan amendment back to the planning commission with recommendations for revision.

***Senate Bill 551*/*House Bill 919* (both passed)**, applicable to municipalities and counties that are not charter counties, authorize the legislative body of a local jurisdiction to adopt, modify, or disapprove (1) the whole comprehensive plan recommended by the planning commission or a part of the plan; (2) a comprehensive plan for one or more geographic sections or divisions of the local jurisdiction; or (3) an amendment or extension of or addition to the comprehensive plan. Public hearing requirements are established (1) for the legislative body before adoption or modification of a plan or plan amendment and (2) for the planning commission before submitting a new recommended plan after disapproval by the legislative body. The time for a legislative body to act before the recommendation of a planning commission is considered approved is extended from 60 to 90 days, with the availability of no more than one 60-day extension by resolution of the legislative body.

Highway User Revenues – Local Government Reporting

Chapter 638 of 2014 requires Baltimore City and each county and municipality that receives local highway user revenues to submit a report by January 1 of each year detailing (1) the actual local highway user expenditures incurred in the previous fiscal year; (2) the projected expenditures for the current fiscal year; and (3) for both the prior and current fiscal year, the local

highway user revenues spent on specified projects. The report must be submitted to the State Highway Administration (SHA), the Governor, and specified legislative committees.

***House Bill 913* (passed)** prohibits SHA from distributing highway user revenues to any local jurisdiction that has not submitted its required annual report related to highway user revenue accounting. The bill also repeals the requirement that local jurisdictions submit those reports to the Governor and specified legislative committees. Instead, local jurisdictions must submit those reports only to SHA. SHA must then compile, summarize, and analyze the information received into a single report and submit it to the Governor and specified legislative committees by February 1 of each year.

For a further discussion of ***House Bill 913***, see the subpart "Transportation" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Local Government Torts Claim Act

***House Bill 113* (passed)** increases the liability limits under the Local Government Tort Claims Act from $200,000 to $400,000 per individual claim and from $500,000 to $800,000 per total claim that arise from the same occurrence for damages from tortious acts or omissions.

For a further discussion of ***House Bill 113***, see the subpart "Civil Actions and Procedures" within Part F – Courts and Civil Proceedings 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 over 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 over 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.

Customer Assistance Program

***House Bill 1234* (passed)** requires WSSC to establish a Customer Assistance Program to provide financial assistance with water and sewer bills to eligible ratepayers by July 1, 2015. The commission must establish income eligibility standards for ratepayers, and these standards must be applied uniformly throughout the sanitary district. The program must be funded from commission revenues. The bill takes effect June 1, 2015.

Beginning in fiscal 2016, WSSC will update its rate structure to collect funds for infrastructure investment through a modified "ready to serve" charge through the existing Account Maintenance Fee (AMF) that is included on customer water and sewer bills. Based on recommendations of the Bi-County Infrastructure Working Group, WSSC will shift how it bills customers for infrastructure improvements. As part of the restructuring, AMF will now include two components – the current $11 fee for certain operating expenses and an infrastructure component to specifically pay for infrastructure needs, such as repairing and replacing water mains. For many residential customers, the operating component of AMF will increase from $11 to $16 in fiscal 2016 and from $16 to $22 in fiscal 2017. The infrastructure fee is a new component and will be based upon meter size, beginning at $5.50 for small residential meters. This fee will increase to $11 in fiscal 2017. The infrastructure component fee will then be frozen until fiscal 2022.

In order to mitigate the potential effects on lower income customers, WSSC will implement a customer assistance program. The commission's proposed fiscal 2016 budget includes $1.74 million for the program. Based on a 2012 study by the Maryland Alliance for the Poor, the commission advises that there are approximately 17,000 customers in the sanitary district that may be eligible for the program. The commission reports that the program will be modeled after the Maryland Energy Assistance Program, which is administered by the Department of Human Resources.

Maryland-National Capital Park and Planning Commission

The Maryland-National Capital Park and Planning Commission (M-NCPPC) is a bi-county agency serving Montgomery and Prince George's counties that was empowered by the State in 1927 to acquire and administer a regional system of parks within the Maryland-Washington Metropolitan District and administer a general plan for the physical development of the area. In 1970, M-NCPPC became responsible for managing the Prince George's County public recreation program. M-NCPPC oversees approximately 52,000 acres of parkland, trails, and open space and owns approximately 510 buildings, which includes park shelters, park houses, and office structures.

Commissioner Terms in Montgomery County

M-NCPPC has 10 members with 5 members each from Montgomery and Prince George's counties, each with four-year, staggered terms. Terms of office for members begin on June 15 of the year in which the appointment was made. Commissioners from Montgomery County may not be appointed for three consecutive full four-year terms.

House Bill 652 (passed) authorizes a commissioner of M-NCPPC, who is appointed from Montgomery County, to be appointed for a maximum of three consecutive full terms as a member of the commission if the commissioner is designated as chair of the Montgomery County Planning Board during the commissioner's second term in office. ***House Bill 652*** must be construed to apply retroactively to and interpreted to affect any commissioner appointed to M-NCPPC from Montgomery County on or after June 15, 2014.

Performance Audit of Capital Program in Prince George's County

House Bill 675 (passed) requires the Office of Legislative Audits (OLA) to conduct a performance audit evaluating M-NCPPC project management practices relating to its capital program in Prince George's County. Before initiating the audit, OLA must coordinate with M-NCPPC to develop the scope of the audit and submit the scope of the audit to the Joint Audit Committee for approval. The scope of the audit may include planning, executing, and monitoring of individual capital projects.

Smoking Regulations

House Bill 585 (passed) requires M-NCPPC to adopt regulations on or before June 30, 2016, to prohibit the smoking of a cigarette, cigar, or any other tobacco product on property under its jurisdiction. The regulations may exclude from the prohibition any designated venue or facility reasonably determined by the commission to be appropriate for the purpose of generating admission fees, rental fees, or similar charges for use of commission property, and must provide for specified penalties for violations.

Part E
Crimes, Corrections, and Public Safety

Criminal Law

Marijuana and Marijuana Paraphernalia – Use and Possession

In 2014, voters in Alaska, the District of Columbia, and Oregon joined Colorado and Washington by legalizing limited amounts of marijuana for adult recreational use. Alaska's Measure 2 authorizes the legalization, taxation, and regulation of marijuana for individuals 21 years of age or older. Oregon's Measure 91 allows for the possession, licensing, taxation, and regulation of marijuana by adults, while maintaining medical marijuana laws. Voters in the District of Columbia approved Initiative 71 to make it lawful for individuals 21 years of age or older to possess marijuana, but congressional proposals to limit or repeal the initiative are under consideration.

In general, a Maryland defendant in possession of marijuana is guilty of a misdemeanor and subject to imprisonment for up to one year and/or a fine of up to $1,000. Chapter 158 of 2014, however, made possession of less than 10 grams of marijuana a civil offense punishable by a fine of up to $100 for a first offense and $250 for a second offense. The maximum fine for a third or subsequent offense is $500. If a person commits a third or subsequent violation, or is younger than age 21, the court must summon the person for trial on issuance of a citation. Additionally, the court must order a person who (1) commits a third or subsequent violation or (2) is younger than age 21 and commits a violation, to attend a drug education program and refer the person to an assessment for a substance abuse disorder. After the assessment, the court must refer the person to substance abuse treatment, if necessary. Chapter 158 did not, however, address prohibitions on the use or possession of drug paraphernalia related to the use of marijuana.

Currently, unless authorized under law, a person may not deliver or sell, or manufacture or possess with the intent to deliver or sell, drug paraphernalia, knowing or under circumstances where a person reasonably should know that the drug paraphernalia will be used to:

- plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, pack, repack, store, contain, or conceal a controlled dangerous substance (CDS); or

- inject, ingest, inhale, or otherwise introduce a CDS into the human body.

Exhibit E-1 contains information on penalties for offenses involving the delivery or sale of drug paraphernalia.

Exhibit E-1
Penalties for Delivery or Sale of Drug Paraphernalia

Violation	Penalty
First-time violation	Misdemeanor $500 maximum fine
Subsequent violation	Misdemeanor Up to two years imprisonment and/or a maximum fine of $2,000
First-time violation – violator has a prior conviction for delivery of drug paraphernalia by an adult to a minor who is at least three years younger	Misdemeanor Up to two years imprisonment and/or a maximum fine of $2,000
Delivery of drug paraphernalia by an adult to a minor who is at least three years younger	Misdemeanor Up to eight years imprisonment and/or a maximum fine of $15,000
Drug paraphernalia related to marijuana	Misdemeanor Same penalties as above apply, except in cases of medical necessity for which there is a $100 maximum fine

Paraphernalia and Smoking Marijuana in Public

Senate Bill 517 (passed) repeals the criminal prohibition on possession of marijuana-related paraphernalia and eliminates any penalty.

Senate Bill 517 also establishes that a violation of the prohibition on the use or possession of marijuana by smoking marijuana in a public place is a civil offense punishable by a fine of up to $500.

Medical Necessity

In a prosecution for the use or possession of marijuana, the defendant may introduce and the court shall consider as a mitigating factor any evidence of medical necessity. Currently, if the court finds that a person used or possessed marijuana because of medical necessity, on conviction, the violator is guilty of a misdemeanor, but the maximum penalty that the court may impose is a fine not exceeding $100.

***Senate Bill 456* (passed)** requires the court to dismiss a criminal charge, in a prosecution for possession of marijuana or for possession of paraphernalia related to marijuana, if the court finds that a person used or possessed marijuana or marijuana paraphernalia because of medical necessity.

Hemp

The federal Farm Bill (Agricultural Act of 2014, Pub. L. No. 113-79) allows an institution of higher education or a state department of agriculture to grow or cultivate industrial hemp notwithstanding the federal Controlled Substances Act (CSA) and other federal laws. The growing or cultivation must be for purposes of research, including studying the growth, cultivation, or marketing of industrial hemp, and may only be conducted if growing or cultivation of industrial hemp is allowed under the laws of the applicable state. The National Conference of State Legislatures indicates that 19 states have laws to provide for hemp pilot studies and/or for production in accordance with the Farm Bill provisions (California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Indiana, Kentucky, Maine, Montana, Nebraska, New Hampshire, North Dakota, Oregon, South Carolina, Tennessee, Utah, Vermont, and West Virginia).

The Industrial Hemp Farming Act of 2015 (S. 134 and H.R. 525, 114th Congress), generally would exclude industrial hemp from the definition of marijuana under CSA and deem Cannabis sativa L. to meet the definition of industrial hemp and fall within the exclusion if it is grown or processed for purposes of making industrial hemp in accordance with state law. Both S. 134 and H.R. 525 were introduced and referred to committee in January 2015.

In Maryland, Chapter 681 of 2000 established a pilot program to study the growth and marketing of industrial hemp in the State. The Maryland Department of Agriculture (MDA) was charged with administering the program, in consultation with the U.S. Drug Enforcement Administration (DEA) and the Department of State Police. The program included a requirement that an individual register with DEA under the CSA registration requirement to manufacture a controlled substance. That hurdle was never cleared, however, and the program was not fully implemented. Chapter 681 terminated December 31, 2004.

***House Bill 803* (passed)** authorizes a person to plant, grow, harvest, possess, process, sell, or buy industrial hemp in the State, provided a person registers with MDA before planting or growing industrial hemp. The bill also excludes industrial hemp from the definition of marijuana under criminal law provisions addressing controlled dangerous substances. The bill is contingent on the taking effect of the federal Industrial Hemp Farming Act of 2015 or another federal law that delegates authority over industrial hemp to the states or authorizes a person to plant, grow, harvest,

possess, process, sell, and buy industrial hemp. The bill's registration requirement terminates October 1, 2030, and if a federal law does not take effect by October 1, 2030, the bill is null and void.

Crimes against Individuals

Assault on First Responder

A person commits a felony second-degree assault by intentionally causing physical injury to another if the person knows or has reason to know that the other person is a law enforcement officer or parole or probation agent engaged in the performance of the officer/agent's official duties. "Physical injury" means any impairment of physical condition, excluding minor injuries. Violators are subject to imprisonment for up to 10 years and/or a maximum fine of $5,000. ***Senate Bill 705*/*House Bill 236* (both passed)** expand this provision to include firefighters, emergency medical technicians, rescue squad members, or any other first responder engaged in providing emergency medical care or rescue services.

Identity Fraud

***Senate Bill 549*/*House Bill 529* (both passed)** expand the identity fraud statute by repealing the requirement that a person act in the name of a victim to unlawfully get a benefit, credit, good, service, or other thing of value in order to be guilty of the offense. Accordingly, a person is guilty of identity fraud if the person knowingly, willfully, and with fraudulent intent, possesses, obtains or helps another to possess or obtain personal identifying information of an individual without that individual's consent for the purpose of getting a benefit, good, service, other thing of value, or access to health care or information, even if the person does not specifically act in the name of that individual.

Human Trafficking Victim Defense

Under Criminal Law Article, § 11-306, a person may not knowingly (1) engage in prostitution or assignation by any means; (2) keep, set up, occupy, maintain, or operate a building, structure, or conveyance for prostitution or assignation; (3) allow a building, structure, or conveyance owned or under the person's control to be used for prostitution or assignation; (4) allow or agree to allow a person into a building, structure, or conveyance for prostitution or assignation; or (5) procure or solicit, or offer to procure or solicit, for prostitution or assignation. A person who violates this section is guilty of prostitution, a misdemeanor punishable by imprisonment for up to one year and/or a $500 maximum fine.

Under the human trafficking prohibition set forth in § 11-303 of the Criminal Law Article, a person may not knowingly:

- take or cause another to be taken to any place for prostitution;
- place, cause to be placed, or harbor another in any place for prostitution;

- persuade, induce, entice, or encourage another to be taken to or placed in any place for prostitution;
- receive consideration to procure for or place in a house of prostitution or elsewhere another with the intent of causing the other to engage in prostitution or assignation;
- engage in a device, scheme, or continuing course of conduct intended to cause another to believe that if the other did not take part in a sexually explicit performance, the other or a third person would suffer physical restraint or serious harm; or
- destroy, conceal, remove, confiscate, or possess an actual or purported passport, immigration document, or government identification document of another while otherwise violating or attempting to commit these acts.

In general, a person who commits human trafficking involving an adult victim is guilty of a misdemeanor and subject to maximum penalties of 10 years imprisonment and/or a fine of $5,000. A person who commits human trafficking involving a victim who is a minor is guilty of a felony and subject to maximum penalties of 25 years imprisonment and/or a fine of $15,000. ***Senate Bill 520* (passed)** establishes that in a prosecution for a charge relating to prostitution under Criminal Law Article § 11-306, it is an affirmative defense of duress if the defendant committed the act as a result of being a victim of an act of another who was charged with violating the prohibition against human trafficking under federal law or Criminal Law Article, § 11-303. A defendant is prohibited from asserting the affirmative defense unless the defendant notifies the State's Attorney of the defendant's intention to assert the defense at least 10 days prior to trial.

Criminal Procedure

Pretrial Release

In *DeWolfe v. Richmond,* 434 Md. 403 (2012), the Maryland Court of Appeals held on January 4, 2012, that no bail determination may be made by a District Court commissioner concerning an indigent defendant without the presence of counsel, unless representation by counsel is waived ("*Richmond I*").

The *Richmond I* opinion was based on the then-effective wording of the Maryland Public Defender Act, including language that the Office of the Public Defender (OPD) must represent an indigent defendant "in all stages" of a criminal proceeding. The court did not address the plaintiffs' federal and State constitutional claims of a right to representation. However, the Circuit Court for Baltimore City had previously held, based on *Rothgery v. Gillespie County,* 554 U.S. 191 (2008), that indigent arrestees have a federal and State constitutional right to be appointed counsel at an initial appearance.

During the 2012 session, the General Assembly passed Chapters 504 and 505. Among other things, these Acts amended the Public Defender Act to specify that OPD is required to

provide legal representation to an indigent defendant at a bail hearing before a District Court or circuit court judge but is not required to represent an indigent criminal defendant at an initial appearance before a District Court commissioner.

After the legislative changes to the Public Defender Act, the Court of Appeals was asked to decide whether there was a federal or State constitutional right to State-furnished counsel for indigent defendants at their initial appearance before a District Court commissioner. On September 25, 2013, the Court of Appeals issued an opinion (434 Md. 444 (2013)) in the *Richmond* case holding that, under the Due Process component of Article 24 of the Maryland Declaration of Rights, an indigent defendant has a right to State-furnished counsel at an initial appearance before a District Court commissioner ("*Richmond II*"). The Court of Appeals has issued a temporary stay of implementation of the *Richmond II* decision until June 5, 2014, and granted *writ of certiorari* limited to three specific questions regarding the circuit court's actions.

Several bills were introduced during the 2014 session to specifically address the *Richmond II* decision. Proposals considered involved establishing a statewide pretrial release services program, requiring that release decisions be based on risk assessments, limiting the authority of District Court commissioners, altering procedures relating to the initial appearance process and the filing of criminal charges by police officers, expanding the hours of operation of the District Court, establishing a task force on pretrial risk assessment, and amending the State constitution to establish that the Maryland Declaration of Rights may not be construed to require OPD to represent a defendant at an initial appearance before a District Court commissioner. Additional funding for OPD was also a major topic of discussion for the budget committees.

Although no bills specifically addressing the *Richmond II* decision passed, the fiscal 2015 budget restricts $10,000,000 of the Judiciary's general fund appropriation to be used only for the purpose of providing attorneys for required representation at initial appearances before District Court commissioners, consistent with the *Richmond II* decision. Any funds not expended for this purpose must revert to the general fund. The Budget Reconciliation and Financing Act (BRFA) of 2014 specifies that authorization of State funds in the fiscal 2015 State budget for this purpose represents a one-time allocation and provides no authority for additional State expenditures or commitment of funds without separate authorization in the State budget as passed by the General Assembly.

On May 27 and 28, 2014:

- the Court of Appeals adopted changes to the Maryland Rules to implement *Richmond II*'s requirement that indigent defendants be provided counsel at initial appearances and lifted the stay of *Richmond II* effective July 1, 2014;

- the Judiciary created the District Court of Maryland Appointed Attorneys Program to provide attorney representation to indigent criminal defendants during initial appearances; and

- the Governor issued an executive order establishing the Governor's Commission to Reform Maryland's Pretrial System to look at best practices from around the country and

recommend how an objective-validated risk assessment tool could be used in Maryland to help determine who should be detained and who should be released before trial. The executive order directed the 23-member panel to identify ways to reduce detainment times, assist and advise the State on issues arising from the ongoing implementation on a pilot basis of a risk assessment tool in one or more counties, and develop and issue legislative recommendations.

The Judiciary advises that it projects to spend approximately $8.5 million in fiscal 2015 for payments for attorney representation at initial appearances before a District Court commissioner.

***House Bill 494* (failed)**, as amended by the House, would have repealed provisions of law authorizing a District Court commissioner to (1) set bond or commit persons to jail in default of bond and (2) generally perform all functions of committing magistrates as exercised by the justices of the peace prior to July 5, 1971.

Under the bill, with specified exceptions, a police officer would have been required to submit a statement of charges to a District Court commissioner and serve on the defendant a statement of charges and summons, if the most serious crime with which the defendant was charged was (1) punishable by imprisonment for 18 months or less; (2) obstructing and hindering; (3) telephone misuse; (4) indecent exposure; (5) malicious destruction of property with a value of at least $1,000; or (6) possessing or administering a controlled dangerous substance.

A District Court commissioner would have been prohibited from issuing a summons for a defendant who (1) was charged with nine specified offenses; (2) was on parole or supervised probation; (3) was the subject of an outstanding arrest warrant; (4) was arrested on another occasion within the 72 hours preceding the appearance before the commissioner; (5) had failed to appear in a criminal nontraffic case within the two years preceding the appearance before the commissioner; (6) was charged with violating the provisions of a protective order or peace order, as specified; or (7) was registered as a sex offender.

A person who was arrested and not released pursuant to a citation or summons would have been taken before a judge of the District Court or circuit court without unnecessary delay.

The fiscal 2016 budget and the 2015 BRFA contain provisions pertaining to funding legal representation at initial appearances before District Court commissioners. The provisions are similar to those contained in the fiscal 2015 budget and 2014 BRFA, as described above.

Drugs

Immunity from Prosecution

Chapter 714 of 2009 established that the act of seeking medical assistance for a person who is experiencing a medical emergency after ingesting alcohol or drugs may be used as a mitigating factor in a criminal prosecution.

Chapter 401 of 2014 expanded this provision by establishing, among other things, that the act of seeking, providing, or assisting with the provision of medical assistance for another person who is experiencing a medical emergency after ingesting or using alcohol or drugs may be used as a mitigating factor in a criminal prosecution.

***Senate Bill 654/House Bill 1009* (both passed)** expand and clarify the statutory immunity concerning the seeking or providing of assistance for a medical emergency after ingesting or using alcohol or drugs. The bills clarify that the act of seeking, providing, or assisting with the provision of medical assistance for another person who is experiencing a medical emergency after ingesting or using alcohol or drugs may be used as a mitigating factor in a criminal prosecution of (1) the person who experienced the medical emergency or (2) any person who sought, provided, or assisted in the provision of medical assistance.

The bills establish that immunity applies to situations involving a person who, in good faith provides medical assistance to another reasonably believed to be experiencing a medical emergency, or, a person who reasonably believes that he or she is experiencing a medical emergency, rather than the current application of immunity to situations involving a person who is experiencing a medical emergency.

The bills also expand application of immunity from criminal prosecution to include immunity from criminal arrest or charge and clarifies that immunity from criminal arrest, charge, or prosecution for specified offenses applies if the evidence for the criminal arrest, charge, or prosecution was obtained solely as a result of the person seeking or receiving medical assistance. The bills add the prohibition on controlled paraphernalia to the list of offenses to which this immunity applies.

A person who seeks, provides, or assists with the provision of medical assistance in accordance with statute may not be sanctioned for a violation of a condition of pretrial release, probation, or parole if the evidence of the violation was obtained solely as a result of the person seeking, providing, or assisting with the provision of medical assistance.

Mandatory Minimum Sentences

***House Bill 121* (passed)** authorizes a court to depart from specified mandatory minimum sentences for drug-related offenses if the court finds and states on the record that, giving due regard to the nature of the crime, the history and character of the defendant, and the defendant's chances of successful rehabilitation: (1) the imposition of the mandatory minimum sentence would result in substantial injustice to the defendant; and (2) the mandatory minimum sentence is not necessary for the protection of the public. Savings realized as a result of the bill must revert to the general fund to be used for drug treatment programs. The bill applies prospectively to crimes committed on or after the bill's October 1, 2015 effective date.

Home Invasion

Prior to October 1, 2014, a person who broke and entered the dwelling of another with the intent to commit theft or a crime of violence was guilty of burglary in the first degree, a felony punishable by imprisonment for up to 20 years.

Chapter 238 of 2014 established the crime of felony home invasion under the burglary in the first degree statute. Pursuant to Chapter 238, a person who breaks and enters the dwelling of another with the intent to commit a crime of violence is guilty of felony home invasion and subject to imprisonment for up to 25 years. Chapter 238 retained the application of the maximum penalty for first-degree burglary (imprisonment for 20 years) to individuals who break and enter the dwelling of another with the intent to commit a theft.

However, while burglary in the first degree is included in the definitions of a "crime of violence" under § 4-401 of the Criminal Law Article and § 5-101 of the Public Safety Article, Chapter 238 did not add felony home invasion to those definitions.

***Senate Bill 67* (passed)** adds felony home invasion to the definition of a "crime of violence" under § 4-401 of the Criminal Law Article and § 5-101 of the Public Safety Article.

Seizure and Forfeiture

While several provisions of State law may provide for the seizure and forfeiture of property under certain circumstances, one primary example of property that is subject to forfeiture is property seized in connection with a violation of the controlled dangerous substances law. Seizures and forfeitures are subject to extensive procedural requirements, as specified in statute.

***Senate Bill 528* (passed)** makes several changes to statutes pertaining to seizure and forfeiture of property in connection with violations of the State's controlled dangerous substances laws.

The bill removes the following from the statutorily specified list of property and items subject to forfeiture in a controlled dangerous substances case: money of $300 or less used or intended to be used in connection with the unlawful manufacture, distribution, dispensing, or possession of a controlled dangerous substance or controlled paraphernalia. However, any amount of money that is directly connected to the unlawful distribution of a controlled dangerous substance may be seized. The bill repeals the statutory provision that money or weapons that are found in close proximity to a contraband controlled dangerous substance, controlled paraphernalia, or forfeitable records of the importation, manufacture, or distribution of controlled dangerous substances are contraband and presumed to be forfeitable. The bill also removes the burden on the claimant of seized money or weapons to rebut this presumption.

The bill alters the burden of proof by requiring that the State prove, by a preponderance of the evidence, that the violation of the controlled dangerous substance law was committed with the owner's actual knowledge before the following property or an interest in the following property can be forfeited: (1) conveyances used or intended to be used to transport controlled dangerous

substances or specified activity related to controlled dangerous substance violations; (2) real property; and (3) everything of value furnished or intended to be furnished in exchange for a controlled dangerous substance in violation of the controlled dangerous substance law, all proceeds traceable to the exchange, and all negotiable instruments and securities used, or intended to be used to facilitate any violation of the controlled dangerous substance law.

Under current law, this property is subject to forfeiture unless the owner proves, by a preponderance of the evidence, that the violation was committed without the owner's actual knowledge.

The bill establishes that a claimant's property is subject to forfeiture if the State establishes, by clear and convincing evidence, that the claimant violated specified provisions of the controlled dangerous substance law or attempted or conspired to violate the controlled dangerous substance law. Accordingly, the bill repeals the rebuttable presumption and the claimant's burden of proof to rebut that presumption.

The bill requires a seizing authority to send specified written information regarding the seizure and the property to the owner of the property within 30 days of the seizure. The bill also prohibits a seizing authority or prosecuting authority from directly or indirectly transferring seized property to a federal law enforcement authority or agency unless a criminal case related to the seizure is prosecuted in the federal court system under federal law, or the owner of the property consents to the forfeiture.

DNA

As part of a postconviction proceeding, a person convicted of murder in the first or second degree, manslaughter, rape in the first or second degree, or sexual offense in the first or second degree may petition for (1) DNA testing of scientific identification evidence that the State is required to preserve pursuant to specified statutory requirements and that is related to the judgment of conviction or (2) a search by a law enforcement agency of a database or log for the purpose of identifying the source of physical evidence used for DNA testing.

***Senate Bill 583* (passed)** expands the group of persons who may file petitions for postconviction DNA testing or database/log searches to an individual convicted of a crime of violence, as defined under § 14-101 of the Criminal Law Article. Though the bill expands the offenses eligible for postconviction DNA testing, the bill applies the existing statutory requirement that the State preserve scientific identification evidence meeting specified criteria to the offenses eligible for postconviction DNA statute under current law.

Shielding and Expungement

Chapters 625 and 626 of 2009 established a Task Force on Prisoner Reentry. The task force issued a final report of its findings and recommendations in 2011. The shielding of criminal records for nonviolent convictions from public view after an appropriate waiting/proving period was one of the task force's recommendations. Several bills were introduced during the 2015 session to expand the availability of shielding and expungement of court and police records.

Shielding

***House Bill 244* (passed)** authorizes a person to petition a court to shield the person's court records and police records relating to one or more "shieldable convictions" of the person entered in the circuit court or the District Court in one county no earlier than three years after the person satisfies the sentence imposed for all convictions for which shielding is requested, including parole, probation, or mandatory supervision. This authorization does not apply to a conviction for a domestically related crime. If a person is not eligible for shielding of one conviction in a "unit," the person is not eligible for shielding of any other conviction in the unit. A person may be granted only one shielding petition over the lifetime of the person, and a court may grant a shielding petition for good cause.

"Shield" means to render a court record and police record relating to a conviction of a crime inaccessible by members of the public. Also, the Maryland Judiciary Case Search may not in any way refer to the existence of specific records shielded in accordance with the bill. "Shieldable conviction" means a conviction of 1 of a list of 12 specified crimes. A "unit" means two or more convictions that arise from the same incident, transaction, or set of facts.

If the person is convicted of a new crime during the applicable time period, the original conviction or convictions are not eligible for shielding unless the new conviction becomes eligible for shielding. A person who is a defendant in a pending criminal proceeding is not eligible for shielding. A shielded conviction may not be considered a conviction for specified expungement provisions.

The bill also contains provisions regarding continued access to shielded information by specified individuals and entities, prohibited disclosures of shielded information, and prohibited inquiries into a person's shielded information.

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 the 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.

***Senate Bill 651*/*House Bill 124* (both passed)** expand eligibility for expungements to persons convicted of a crime where the act on which the conviction was based is no longer a crime.

***Senate Bill 652/House Bill 304* (both passed)** repeal provisions of law specifying that a person is not entitled to expungement if the (1) the petition for expungement is based on a certain entry of probation before judgment, a *nolle prosequi*, a stet, a *nolle prosequi* or stet with the requirement of drug or alcohol treatment, a conviction for one of a list of specified crimes, a finding of not criminally responsible, or the grant of a pardon by the Governor and (2) the person to whom

the petition applies has subsequently been convicted of a crime (other than a minor traffic violation) or is a defendant in a criminal proceeding.

Under the bills, a person is not entitled to expungement if the petition for expungement is based on the entry of probation before judgment, except a probation before judgment for a crime where the act on which the conviction is based is no longer a crime, and the person is a defendant in a pending criminal proceeding or was convicted of a crime other than a minor traffic violation or a crime where the act on which the conviction is based is no longer a crime within three years after the entry of the probation before judgment.

***House Bill 131* (Ch. 69)** requires that a petition for expungement of a criminal charge that has been transferred to the juvenile court be filed in the court of original jurisdiction from which the order of transfer was entered (the adult criminal court). For a further discussion of the Act, see the subpart "Juvenile Law" within this part of this *90 Day Report*.

Vulnerable Adults

A "vulnerable adult" is an adult who lacks the physical or mental capacity to provide for the adult's daily needs. 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 intent to deprive the vulnerable adult of the vulnerable adult's property. Penalties for the offense vary based on the value of the property.

***Senate Bill 288*/*House Bill 737* (both passed)** authorize a State's Attorney to file a petition to freeze assets of a defendant charged with exploitation of a vulnerable or elder adult if (1) the petition is filed within 60 days of the defendant being charged with the offense; (2) the alleged value of the lost or stolen property in the criminal charge is $10,000 or more; (3) the amount of money subject to the petition does not exceed the alleged value of the lost or stolen property in the criminal charge; and (4) the State's Attorney sends a notice of intent to file the petition to each financial institution in possession of money subject to the petition. The bills also specify content and procedural requirements for these petitions.

Victims of Crime

Under Maryland law, a victim of a crime or delinquent act (or a representative in the event the victim is deceased, disabled, or a minor) has a broad range of specific rights during the criminal justice process.

***Senate Bill 427*/*House Bill 501* (both passed)** require an investigating law enforcement agency, upon written request, to give the victim of a crime of violence, or the victim's representative, timely notice as to (1) whether an evidentiary DNA profile was obtained from evidence in the case; (2) when any evidentiary DNA profile developed in the case was entered into the DNA database system; and (3) when any confirmed match of the DNA profile, official DNA case report, or DNA hit report is received. The requirement does not apply when to do so would impede or compromise an ongoing investigation or when the victim's representative is a suspect or a person of interest in the criminal investigation of the crime involving the victim. The bills

also require the State Board of Victim Services to develop pamphlets to notify victims and their representatives about how to request information regarding an unsolved case.

***House Bill 456* (Ch. 91)** establishes the Workgroup to Study Safe Harbor Policy for Youth Victims of Human Trafficking to study legal protections and the provision of services for youth victims of human trafficking.

Among other things, the workgroup must (1) compile existing information on and identify the needs of youth victims of human trafficking and identify the public- and private-sector programs and resources currently available to meet those needs; (2) identify gaps in public- and private-sector programs and resources currently available to meet the needs of youth victims of human trafficking; (3) collect and compile data on the number of youth victims of human trafficking in the State, including the number of youth victims in each jurisdiction of the State; and (4) make specified recommendations on specified topics related to youth victims of human trafficking.

The workgroup must report its findings and recommendations to the Governor and the General Assembly by December 1, 2015.

Miscellaneous

Failure to Appear in Court

***House Bill 120* (passed)** authorizes a judge to set a bond when issuing a bench warrant for a person who has been charged with a crime and who has willfully failed to surrender after being admitted to bail or released on recognizance. If the person posts the bond set by the judge under the bill, a judicial officer must mark the bench warrant satisfied and the court must reschedule the hearing or trial.

Interception of Lottery Winnings

The Central Collection Unit of the Department of Budget and Management may collect overdue restitution and certify a restitution obligor who is in arrears on payments exceeding $30 to the Comptroller for income tax refund interception and the State Lottery and Gaming Control Agency for State lottery prize interception. ***House Bill 549* (Ch. 93)** extends the application of the overdue restitution intercept program to specified video lottery facility prize payouts. The Act also requires a video lottery operation licensee to provide a specified notice to an obligor if a restitution obligor who is overdue in restitution payments wins a prize at a video lottery facility requiring the issuance of Internal Revenue Service form W-2G (forms required to be provided to individuals who receive over a specified amount of winnings from gambling) or a substantially equivalent form. The Act's provisions do not apply to a prize won at a video lottery facility on or before June 1, 2016.

Juvenile Law

Transfer Determinations – Confinement in Juvenile Facilities

Interest in the pretrial detention of juveniles pending adult charges or adjudication in the juvenile courts has heightened in recent years. According to a report prepared on behalf of the Department of Juvenile Services (DJS) and the Governor's Office of Crime Control and Prevention, the annual number of juveniles charged as adults has fluctuated between 912 and 989 since fiscal 2010. The report further indicates that the number of juveniles charged as adults who were admitted for pretrial detention decreased by 39% between fiscal 2011 and 2014, and that by fiscal 2014, less than half of the juveniles charged as adults were placed in a detention facility.

Youth charged as adults are routinely being held pretrial in juvenile facilities in some instances as a matter of local practice in Baltimore City. Under an agreement between DJS, the Department of Public Safety and Correctional Services, the courts, the State's Attorneys, and the Office of the Public Defender, a formalized process was created to permit eligible youth charged as adults detained in the Baltimore City Detention Center to be held in the Baltimore City Juvenile Justice Center pending a court determination as to whether to transfer jurisdiction to the juvenile court.

According to advocates, holding youth charged as adults in a juvenile facility reduces the potential for victimization in an adult facility. Advocates also argue that youth should be held in the more rehabilitative venue of juvenile detention facilities, particularly considering that 70% of youth held in adult jails either have their cases dismissed or are transferred to the juvenile system.

The Prison Rape Elimination Act, federal standards, and national detention certifications require that local facilities keep juveniles sound and sight separated from adult detainees. Many of the State's local detention facilities cannot meet these requirements because of physical space issues within their buildings. Only four of the local jurisdictions in Maryland have on-site juvenile units within their adult jail systems. In every other jurisdiction, youth charged as adults must either be held in solitary confinement for up to 23 hours per day to meet the sight and sound requirements or intermixed with the adult jail population, in violation of federal law.

***Senate Bill 172*/*House Bill 618* (both passed)** alter the authority of the court to determine whether a child may be held in a secure juvenile facility pending a reverse waiver determination by requiring, rather than authorizing, a court exercising criminal jurisdiction or the District Court, at a bail review or preliminary hearing involving such a child, to order the child held in a secure juvenile facility unless (1) the child is released on bail, recognizance, or on other conditions of pretrial release; (2) there is not available capacity in a secure juvenile facility, as determined by DJS; or (3) the court finds that detention in a secure juvenile facility would pose a risk of harm to the child or others, and states the reasons for the finding on the record.

Transfer to Juvenile Court – Expungement

In general, the juvenile court has jurisdiction over a child alleged to be delinquent, in need of supervision, or who has received a citation for a violation. The juvenile court does not have jurisdiction over (1) children at least age 16 alleged to have violated specified boating or traffic laws; (2) children at least age 16 who are alleged to have committed specified violent crimes; (3) children age 14 and older alleged to have committed an act that would be a crime punishable by life imprisonment if committed by an adult; and (4) children who have previously been convicted as an adult of a felony and are subsequently alleged to have committed an act that would be a felony if committed by an adult. These cases are tried in adult criminal court. However, a circuit court may transfer a case involving such a child to the juvenile court if such a transfer is believed to be in the interests of the child or society (reverse waiver). A reverse waiver is not permitted in certain circumstances, such as when the child was previously convicted in an unrelated case excluded from the jurisdiction of the juvenile court or when the alleged crime is murder in the first degree and the accused child was 16 or 17 years of age when the alleged crime was committed.

A court exercising criminal jurisdiction in a case involving a child must determine whether to transfer jurisdiction to a juvenile court at sentencing if (1) as a result of trial or a plea entered (in lieu of trial), all charges that precluded the juvenile court from exercising jurisdiction did not result in a finding of guilty and (2) pretrial transfer was prohibited because the alleged crime was first-degree murder and the child was 16 or 17 years old at the time of its commission, or the court did not transfer jurisdiction after a hearing on a motion for reverse waiver.

The court may not transfer jurisdiction to juvenile court at sentencing if (1) the child agrees that jurisdiction is not to be transferred as part of a plea agreement or (2) pretrial transfer was prohibited because the child was convicted in an unrelated case excluded from the juvenile court's jurisdiction because the child was at least age 14 and was alleged to have committed an act that would be a crime punishable by life imprisonment if committed by an adult or the child was at least age 16 and was alleged to have committed specified violent crimes.

In determining whether to transfer jurisdiction to the juvenile court, the court must consider the child's age, mental and physical condition, the amenability of the child to treatment or other programs available to delinquent children, the nature of the alleged crime or the child's acts, and public safety.

Chapter 712 of 2009 required a court to grant a petition for expungement of a criminal charge that was transferred to the juvenile court under reverse waiver provisions. In addition to requiring courts to grant such petitions, Chapter 712 also removed mandatory waiting periods for the filing of these petitions. Chapter 563 of 2012 expanded eligibility for these expungements to cases transferred to the juvenile court at sentencing. Under the general expungement statute, if a proceeding began in one court and was transferred to another court, a petition for expungement must be filed in the court to which the proceeding was transferred. In *In re Nancy H.*, 297 Md. App. 419, 14 A.3d 19 (2011), a former juvenile sought to have a criminal record expunged from a proceeding in which the case was transferred from the criminal court to the juvenile court for

disposition. The Court of Special Appeals held that the juvenile court had the authority to expunge the petitioner's (adult) criminal record in the case.

***Senate Bill 87*/*House Bill 131* (both passed)** create an exception to the procedures for filing expungement petitions by requiring that a petition for expungement of a criminal charge that has been transferred to the juvenile court be filed in the court of original jurisdiction from which the order of transfer was entered (the adult criminal court).

Public Safety

Law Enforcement

Body-worn Cameras

Deadly force incidents by police officers in several locations across the country (including Ferguson, Missouri; Staten Island, New York; Cleveland, Ohio; and North Charleston, South Carolina), have resulted in heightened scrutiny of police practices nationwide. Those incidents involved the deaths of African American males at the hands of Caucasian police officers, adding a racial undercurrent to the debate over deadly force. Several bills were introduced in 2015 addressing policing practices and civilian oversight. Among these were bills to address the use of body-worn cameras by law enforcement officers.

The Department of State Police (DSP) reported that, as of mid-January 2015, there were at least 19 law enforcement agencies in the State using body-worn cameras or testing their use on a limited basis in pilot programs. ***Senate Bill 482*/*House Bill 533* (both passed)** require the Police Training Commission (PTC), by January 1, 2016, to develop and publish online a policy for the issuance and use of a body-worn camera by a law enforcement officer that addresses specified issues and procedures.

The bills establish a Commission Regarding the Implementation and Use of Body Cameras by Law Enforcement Officers to study and make recommendations to PTC and the General Assembly, by October 1, 2015, regarding the best practices for the use of body cameras by a law enforcement officer. The bills specify the membership and duties of the commission, which must be staffed by the Governor's Office of Crime Control and Prevention (GOCCP) and DSP. The commission terminates on June 1, 2016.

In addition, because concerns had been raised in past years as to whether the use of body-worn cameras violated Maryland's two party consent requirements under the State's wiretap and electronic surveillance provisions, ***Senate Bill 482*/*House Bill 533*** also make it lawful for a law enforcement officer in the course of the officer's regular duty to intercept an oral communication with a "body-worn digital recording device" or an "electronic control device" capable of recording video and oral communications under specified circumstances. The bills make the interception of an oral communication by a law enforcement officer lawful if (1) the officer is in uniform or prominently displaying the officer's badge or other insignia; (2) the officer is making reasonable efforts to conform to standards for the use of either type of device capable

of recording video and oral communications; (3) the officer is a party to the oral communication; (4) the officer notifies, as soon as practicable, the individual that the individual is being recorded, unless it is unsafe, impractical, or impossible to do so; and (5) the oral interception is being made as part of a videotape or digital recording.

Out of concerns for jurisdictions that may already have a program in place, or are contemplating the start-up of a program before the PTC policies are issued, a jurisdiction that starts a pilot program for the use of body-worn cameras or electronic control devices before the issuance of the policy by PTC is exempt from the applicable State wiretap and electronic surveillance provisions for the duration of the pilot program. On the conclusion of the pilot program, a jurisdiction's fully implemented program must conform to those provisions. A jurisdiction that has already established a program to use body-worn cameras or electronic devices on or before the bill's effective date is not subject to those provisions until the issuance of the policy by PTC.

The bills are emergency measures.

Deaths Involving Law Enforcement Officers

The federal Death in Custody Reporting Act of 2013 requires each state that receives funds through the Edward Byrne Memorial State and Local Law Enforcement Assistance programs, the Local Law Enforcement Block Grants Program, or the Edward Byrne Memorial Justice Assistance Grant Program to report information regarding individuals who die in the custody of law enforcement. While the State's annual Uniform Crime Report (*Crime in Maryland*) contains data on the number of law enforcement officers killed or assaulted in the line of duty, it does not contain information on individuals who die in the custody of law enforcement.

***House Bill 954* (passed)** requires each local law enforcement agency, by March 1, 2016, and by March 1 of each subsequent year, to provide GOCCP with information for the previous calendar year about each "officer-involved death" and "death in the line of duty" that involved a law enforcement officer employed by the agency. The information in the reports provided to GOCCP must include:

- the age, gender, ethnicity, and race of a deceased individual;
- the age, gender, ethnicity, and race of the officer involved;
- a brief description of the circumstances surrounding the death;
- the date, time, and location of the death; and
- the law enforcement agency of the officer who (1) died, if the incident involved an officer who died in the line of duty or (2) detained, arrested, or was in the process of arresting the deceased, if the incident involved an officer-involved death.

GOCCP must adopt procedures for the collection and analysis of the information required to be included in the reports, analyze and disseminate the information reported by each agency,

and submit an annual report on the incidence of officer-involved deaths and deaths in the line of duty in Maryland to the General Assembly by June 30 of each year. Additionally, by October 15, 2016, GOCCP must report on the number of officer-involved deaths and deaths in the line of duty that occurred during the previous three calendar years. This report must include the same information required to be provided by local law enforcement agencies. Each local law enforcement agency must provide GOCCP with the three-year report information by August 15, 2016.

An "officer-involved death" means the death of an individual resulting directly from an act or omission of a law enforcement officer while the officer is on duty or while the officer is off duty, but performing activities that are within the scope of the officer's official duties. The term "death in the line of duty" means the death of a law enforcement officer occurring while the officer is acting in the officer's official capacity while on duty or while the officer is off duty, but performing activities that are within the scope of the officer's official duties.

Baltimore City Police Department

House Bill 771 (passed) applies to police practices in Baltimore City only. The bill requires the Police Commissioner of Baltimore City, by January 1 of each year, to report information concerning the Baltimore Police Department to the Mayor and City Council of Baltimore and the members of the Baltimore City Delegation to the General Assembly, including information regarding the demographics of police officers within the department, recruiting events, use of force, civilian complaints, officer suspensions, and community involvement. The report must be made available to the public on the department's website.

Behavioral Health Units – Baltimore City and Baltimore County Police Departments

In an effort to improve the response to emergency calls involving an individual suspected of having a mental health, substance use, or co-occurring mental health and substance use disorder, ***Senate Bill 321/House Bill 926 (both passed)*** require the Baltimore City Police Department and the Baltimore County Police Department to each establish a behavioral health unit, to the extent practicable, by October 1, 2016. The purpose of the units will be to divert appropriate individuals into treatment instead of the criminal justice system and prevent and reduce unnecessary use of force and loss of life. Each unit must consist of at least six officers who are specially trained to understand the needs of these individuals and in cultural sensitivity and cultural competency.

Training for officers in behavioral health units must be developed in consultation with the Behavioral Health Administration in the Department of Health and Mental Hygiene. The Baltimore City Police Department must complete a study and make recommendations regarding implementation of the unit by December 1, 2015. The bills also require the police departments of Baltimore City and Baltimore County to report to the General Assembly on or before October 1, 2018, on the number of emergency calls that their behavioral health units responded to from 2016 to 2018, and the disposition of those calls. The requirements of the bills terminate on June 30, 2019.

Race-based Traffic Stops

***Senate Bill 413/House Bill 339* (both passed)** temporarily reinstate the provisions of Chapter 173 of 2011 that abrogated in 2014 by restoring the data collection and reporting program related to race-based traffic stops for a five-year period.

The bills require PTC, in consultation with the Maryland Statistical Analysis Center (MSAC), to develop a model policy against race-based traffic stops that a law enforcement agency can use to develop its own policy. In addition, the commission is required to develop a model format for the efficient recording of traffic stop data on an electronic device, or by any other means, for use by a law enforcement agency and guidelines that each law enforcement agency may use in data evaluation. Law enforcement officers must record specified information in connection with each traffic stop, including the driver's race and ethnicity, to evaluate the manner in which the vehicle laws are being enforced. Each law enforcement agency is required to compile the data collected by its officers and submit an annual report to MSAC by March 1 of each year reflecting the prior calendar year. The bills' provisions do not apply to a law enforcement agency that is subject to an agreement with the U.S. Department of Justice (DOJ) requiring similar data collection; however, such agencies are required to provide copies of the report made to DOJ in lieu of the bill's reporting requirements.

MSAC is charged with analyzing the data based on a methodology developed in consultation with PTC. By September 1 of each year, MSAC must issue a report to the Governor and the General Assembly as well as to each law enforcement agency. Reports of noncompliance by law enforcement agencies are required to be made by the training commission and MSAC to the Governor and the Legislative Policy Committee.

The bills take effect June 1, 2015, and terminate May 31, 2020.

Yellow Alerts

***Senate Bill 86* (passed)** requires DSP to establish a statewide Yellow Alert Program to provide a system for rapid dissemination of information to assist in locating and apprehending a "missing suspect," which is defined as a person whose whereabouts are unknown, who is suspected of failing to remain at the scene of a traffic accident that might result in "serious bodily injury" or death, and whose vehicle can be described by the law enforcement agency. DSP must adopt guidelines and develop procedures for the program, provide training and assistance to local law enforcement agencies, recruit certain assistance in developing and implementing a yellow alert, and consult with the State Highway Administration to develop a plan for providing information to the public regarding a Yellow Alert. The bill requires a law enforcement officer or agency who apprehends a suspect who is the subject of a Yellow Alert to immediately report the apprehension to DSP and the law enforcement agency that filed the report.

Sentencing and Corrections

Justice Reinvestment

Addressing the costs, purposes, and results of State sentencing and correctional practices has become a national concern. In January 2010, the Council of State Governments (CSG) Justice Center, in partnership with the Pew Center on the States, the federal Bureau of Justice Assistance, and the Public Welfare Foundation, hosted a national summit on justice reinvestment. Since that time, several additional entities, including the states of Michigan, New Hampshire, New York, North Carolina, Ohio, Vermont, and Wisconsin, have partnered with CSG to develop justice reinvestment initiatives seeking to devise strategies and policy options to "avert prison population growth by reducing property crime, holding offenders accountable with supervision, reinvesting to strengthen supervision policies and practices to reduce recidivism, and supporting victims of property crime." CSG advises that North Carolina and West Virginia have implemented justice reinvestment strategies.

***Senate Bill 602* (Ch. 42)**, an emergency measure, establishes the Justice Reinvestment Coordinating Council (JRCC) in GOCCP. The Act establishes the membership of JRCC and requires the chair of the council to be the executive director of GOCCP. A member of JRCC may not receive compensation, but is entitled to reimbursement for expenses. GOCCP must provide staff for JRCC.

JRCC must (1) convene an advisory stakeholder group including organizations with expertise in certain criminal justice issues; (2) conduct roundtable discussions to seek public input; (3) using a data-driven approach, develop a statewide framework of sentencing and corrections policies to further reduce the State's incarcerated population, reduce spending on corrections, and reinvest in strategies to increase public safety and reduce recidivism; and (4) request technical assistance from the CSG Justice Center and the Public Safety Performance Project of the Pew Center on the States to develop the policy framework. JRCC must report its findings and recommendations to the Governor and General Assembly by December 31, 2015.

While the Act terminates December 31, 2018, the currently proposed federal budget allocates $1.14 billion for state and local law enforcement assistance, including $45 million to the Bureau of Justice Assistance for continuing justice reinvestment efforts nationwide.

State Correctional Officers

Generally and with certain exceptions, an employer in the State may not require or demand, as a condition of employment, prospective employment, or continued employment, that an individual submit to or take a lie detector or similar test. However, under current law, the Division of Correction is authorized to require correctional officer applicants to pass a polygraph prior to being hired. In addition, the use of a polygraph is authorized for an individual who is already employed as a correctional officer or other employee in a State correctional facility or in any other capacity that involves direct personal contact with an inmate in a State correctional facility.

***Senate Bill 189*/*House Bill 200* (both passed)** require the Secretary of Public Safety and Correctional Services to require an applicant for a position as a State correctional officer to pass a polygraph examination before being appointed to the position. Additionally, the bills require the Secretary to adopt regulations for the polygraph examinations. Under a 2014 enactment, by September 30, 2016, the Department of Public Safety and Correctional Services must report to the Senate Finance Committee and the House Judiciary Committee on the number of polygraph examinations submitted to or taken by correctional officers and employees of State correctional facilities and the number of grievances filed or complaints made in connection with those examinations.

Local Correctional Officers – Carroll County and Charles County

***House Bill 115* (passed)** establishes the rights of a correctional officer relating to the employment, investigation, and discipline of correctional officers in Carroll County. The bill adds Carroll County to the list of counties that are covered under the Correctional Officers' Bill of Rights (COBR) provisions that are applicable in Allegany, Cecil, Garrett, Harford, and St. Mary's counties.

In Charles County, ***House Bill 873* (passed)** establishes that COBR does not apply to an officer who is in probationary status on initial entry into the sheriff's office, except if an allegation of brutality in the execution of the officer's duties is made against the officer.

Sexual Assault

Test Results – Victims' Right to Know

***House Bill 382* (passed)** requires a health care provider that performs a sexual assault evidence collection kit exam on a victim of sexual assault to provide the victim with contact information for the investigating law enforcement agency to which the kit will be sent. Within 30 days after a request by a victim, an investigating law enforcement agency that receives a sexual assault evidence collection kit must provide the victim with information about the status of the kit analysis and all available results of the kit analysis except results that would impede or compromise an ongoing investigation.

Statewide Accounting of Kits

***Senate Bill 498* (Ch. 37)** requires a law enforcement agency or other State or local agency charged with the maintenance, storage, and preservation of sexual assault kit evidence, by January 1, 2016, to conduct an inventory of all kits that are stored by the agency. The agency must also prepare a written report by March 1, 2016, containing the number of untested sexual assault collection kits in the possession of the agency, and the date the sexual assault kit evidence was collected and submit the report to the Office of the Attorney General (OAG).

By December 1, 2016, OAG must prepare and transmit 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.

Firearms

Shell Casings and Ballistics Imaging

Since enactment of Chapter 2 of 2000 (the Responsible Gun Safety Act), any manufacturer that ships or transports a handgun to be sold, rented, or transferred in the State is required to include in the box with the handgun, in a separate sealed container, a shell casing of a projectile discharged from that handgun and additional information that identifies the type of handgun and shell casing as required by the Secretary of State Police. Since 2001, the database created from this information has resulted in 26 back door hits, making the hit rate for the system 0.0085% (26 hits from 304,548 reference samples). By comparison, the DNA database in Maryland has a hit rate of 1.8%.

***Senate Bill 736* (passed)** repeals the requirement for (1) handgun manufacturers to provide to handgun dealers shell casings of projectiles discharged from handguns and other specified additional information; (2) handgun dealers to forward shell casings and other specified information to the DSP Crime Laboratory; and (3) DSP to enter specified information in a relevant database.

The bill authorizes DSP to properly and lawfully dispose of any shell casings that are currently being held in storage because they were received from a dealer under the requirement that is repealed by the bill. The bill also expresses the intent of the General Assembly that the DSP positions that were associated with the duties under the requirement not be eliminated as a result of the repeal.

Retired Police Officers

***House Bill 1032* (passed)** adds retired law enforcement officers in good standing to the list of exemptions from the prohibition against carrying or possessing a deadly weapon on public school property. The bill also specifies that an officer or retired officer covered under the exemption must be authorized to carry a concealed handgun in the State.

***Senate Bill 618* (passed)** requires a law enforcement agency to provide a retiring law enforcement officer with an identification card after the officer's retirement from the agency if the officer (1) has retired in good standing as a law enforcement officer for reasons other than mental instability and meets other specified requirements and (2) pays the fee set by the issuing agency.

The federal Law Enforcement Officers Safety Act, enacted in 2004 and amended in 2010 and 2013, allows federal, state, and local police retirees to carry firearms with their issued retiree identification cards and with certification that they successfully completed annual firearms training at their own cost. The retirees may carry the firearms anywhere in the United States.

Armored Car Company Employees

***House Bill 189* (passed)** authorizes the Secretary of State Police to accept a criminal background investigation performed on behalf of an armored car company in place of the State and national criminal history records check performed by the Criminal Justice Information System for a handgun permit application for an employee of the company if (1) the investigation meets minimum requirements established by DSP and (2) the Secretary performs a cursory check to verify the facts listed in the investigation.

Buildings – Safety Standards and Practices

Building Performance Standards

***Senate Bill 262/House Bill 323* (both passed)** authorize the Department of Housing and Community Development to adopt modifications to the Maryland Building Performance Standards that allow any innovative approach, design, equipment, or method of construction that can be demonstrated to offer performance that is at least the equivalent to the requirements of the International Energy Conservation Code, Chapter 13, "Energy Efficiency," of the International Building Code; or Chapter 11, "Energy Efficiency," of the International Residential Code.

Carbon Monoxide Alarms in Hotels, Lodgings, or Rooming Houses

Carbon monoxide is a toxic gas that results from the incomplete combustion of fossil fuels, such as wood, kerosene, gasoline, charcoal, propane, natural gas, and oil. Being odorless, tasteless, and invisible, carbon monoxide can be very difficult to detect. Under ***Senate Bill 107* (passed)**, on or after April 1, 2017, a hotel or a lodging or rooming house must install a carbon monoxide alarm (1) on the wall inside each guest room that contains a device that emits carbon monoxide, is adjacent to a room or area that contains a device that emits carbon monoxide, is adjacent to an enclosed unventilated attached garage, or is connected by ductwork to an enclosed unventilated attached garage or room or area that contains a device that emits carbon monoxide and (2) on a wall in each room or area that contains a device that emits carbon monoxide, is adjacent to a room or area that contains a device that emits carbon monoxide, or is adjacent to an enclosed unventilated attached garage.

The bill defines a "hotel" to mean a building or group of buildings that (1) is under the same management; (2) contains more than 16 sleeping accommodations for hire; and (3) is used primarily by transients who are lodged with or without meals. The term includes an inn, motel, club, and apartment hotel.

The bill defines "lodging or rooming house" to mean a building in which separate sleeping rooms are rented and that provides sleeping accommodations for 16 or fewer individuals on a transient or permanent basis and with or without meals, but without individual cooking facilities.

Miscellaneous

9-1-1 Emergency Calls

Kari Rene Hunt Dunn was stabbed to death in 2014 inside a hotel room in Texas, allegedly by her estranged husband. Although her daughter could hear that her mother was in serious trouble, she did not realize that she first had to dial "9" for an outside line before dialing 9-1-1. Ms. Dunn's father has launched a national petition campaign to require hotels and other businesses to do away with dialing any other numbers before dialing 9-1-1 by upgrading enhanced 9-1-1 systems in a way that would let hotel or office guests call for help just by dialing 9-1-1.

***House Bill 1080* (Ch. 116)**, "Kari's Law," requires that, by December 31, 2017, a person that installs or operates a "multiple line telephone system" ensure that the system is connected to the public switched telephone network in such a way that when an individual using the system dials 9-1-1, the call connects to the public safety answering point without requiring the user to dial any other number or set of numbers. Executive Branch units of State government are exempt from compliance until the date of the next upgrade of the unit's multiple line telephone system.

Deputy Sheriffs – Caroline and Talbot Counties

***Senate Bill 383*/*House Bill 369* (both passed)** authorize the commanding officers of fire companies in Caroline and Talbot counties each to designate 12 fire company members to be appointed as deputy sheriffs. The sheriff of the county may require a fire company member appointed as deputy sheriff to demonstrate a satisfactory level of training in areas of law enforcement commensurate with the duties of deputy sheriff. The powers of a fire company member appointed as a deputy sheriff are limited to those necessary to perform the duties of deputy sheriff at parades, accidents, floods, emergencies, or public events conducted by the fire company or the sheriff's department.

Special Police Officers

The Governor may appoint and deputize an individual as a special police officer. A special police officer commission carries with it arrest powers, but the scope of each commission is limited to the property cited in the commission.

***House Bill 1110* (passed)** makes several changes to provisions relating to the appointment of special police officers in the State, including procedures for the suspension or termination of a special police officer commission.

Additionally, the bill makes changes to provisions governing the qualifications and appointment processes for special police officers including the following:

- the Secretary of State Police must apply to the Central Repository of the State's Criminal Justice Information System for a State and national criminal history records check for each applicant, in a specified manner;

- a special police officer, unless on detective duty, must wear a uniform that gives notice that the special police officer is a special police officer, rather than a law enforcement officer; and

- an initial commission expires three years, rather than two years, after the date of issuance.

Part F
Courts and Civil Proceedings

Judges and Court Administration

Judges

Abolishment of Contested Election of Circuit Court Judges

Most judges within the State are appointed and retained through a hybrid process. At all four court levels (Court of Appeals, Court of Special Appeals, circuit courts, and District Court), the Governor appoints a qualified member of the Maryland Bar in the case of a vacancy or the creation of a new judgeship. For both appellate courts, these appointments must be confirmed by the Maryland Senate, and the judge holds the office until the first general election following the expiration of one year from the date of the occurrence of the vacancy. At the general election, the incumbent judge's name is placed on the ballot without opposition, and citizens vote for or against the retention of the judge for a 10-year term. For the District Court, judges are appointed by the Governor and serve 10-year terms upon confirmation by the Senate; they must be reappointed by the Governor to successive terms.

Circuit court judges are the only members of the Maryland bench who must run in contested 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. A person appointed to fill a vacancy on a circuit court must run for election at the first general election after one year following the occurrence of the vacancy. A sitting judge may be challenged by any candidate who meets the constitutional requirements for the office. Each judge holds the office for 15 years from the time of election and until either a successor is elected and qualified or the judge reaches the age of 70, whichever occurs first. Since the 1960s, there have been periodic attempts to eliminate contested elections for circuit court judges and provide for retention elections in the same manner as appellate judges. Several constitutional amendments were introduced during the 2015 session to alter the method of selection and tenure of circuit court judges.

House Bill 548 ***(failed)*** would have required a vacancy on a circuit court be filled in the same manner as a vacancy on the Court of Appeals or Court of Special Appeals. ***House Bill 1071***

(failed) would have similarly altered the method of selection of circuit court judges, but also would have decreased their term of office from 15 to 10 years following election.

***Senate Bill 367*/*House Bill 582* (both failed)** would have altered the method of selection and tenure of circuit court judges by requiring that circuit court judges be selected in the same manner as a judge of the District Court. The bills also would have reduced the term of office for a circuit court judge from 15 to 10 years. The bills would have further required that if the Governor appoints a judicial nominating commission or similar body to propose nominees for appointment to a court, the commission or body must reflect the demographic diversity of the State or the judicial circuit for which the commission or body is charged with proposing nominees.

Mandatory Age of Retirement

***Senate Bill 847* (failed)**, as amended by the Senate, would have proposed a constitutional amendment to raise the mandatory retirement age for judges from age 70 to 73.

Court Administration

Fees

The clerk of the circuit court for each county, other than Montgomery County, is required to collect a fee for docketing the appearance of counsel. ***Senate Bill 60*/*House Bill 48* (both passed)** clarify that if more than one stockholder, partner, member, or employee of an entity engaged in practicing law enters an appearance in an action or case, the clerk of the circuit court may collect only one appearance fee per entity. If more than one employee of a governmental entity that has consented to the assessment of court fees enters an appearance in an action or case, the clerk of the circuit court may assess only one appearance fee per governmental entity.

***Senate Bill 61* (Ch. 4)** extends to active-duty members of the U.S. Armed Forces, an exemption from paying fees in order to obtain (1) a copy of any court paper or record if the copy is to be used in connection with a claim against the U.S. government and (2) a copy of a member's marriage record that is requested by the member. The Act also requires a clerk to provide, without charge, a copy of a marriage record of an active-duty member of the U.S. Armed Forces or of a surviving spouse or child of the member that is requested, if the copy is to be used in connection with a claim for a dependent or beneficiary of the member.

A water and sewer authority has a lien on real property for the amount of any fee, rent, or charge imposed on an owner, tenant, or occupant of the property for the use and services of a project of the authority. The clerk of the circuit court in the county where real estate is located must keep and make available for public inspection any lien register that an authority provides to the clerk. Currently, to record a lien, an authority must pay to the clerk of the circuit court a fee of 5 cents for each entry, which must be added to the amount of the lien. ***House Bill 49* (Ch. 57)** repeals the requirement that water and sewer authorities must pay a fee of 5 cents to a clerk of the circuit court to record a lien in a lien register.

State Donor Registry

***Senate Bill 415*/*House Bill 592* (both passed)** require the clerks of circuit courts and the registers of wills to make available to the public information about registering with the State donor registry.

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*.

Court Personnel

Circuit courts are authorized to employ masters as necessary to conduct the business of the court. A majority of the judges of the circuit court of a county may appoint full-time or part-time standing masters, who serve at the pleasure of the appointing court.

A master generally has the power to regulate proceedings, including the power to examine witnesses, rule on the admissibility of evidence, administer oaths to witnesses, recommend contempt proceedings, and direct the issuance of subpoenas to compel the attendance of witnesses and the production of documents. Proposed findings, conclusions, recommendations, or orders of a master may be adopted by the court, once the parties have had time to file exceptions or otherwise ask for judicial review, as specified.

A new rule (Rule 1-501) adopted by the Maryland Court of Appeals that took effect on March 15, 2015, changed the title of a master who hears family law matters to "family magistrate." A family magistrate is an officer of a circuit court who is selected by the judges of that court to hear certain family law and juvenile cases. Before the new rule took effect on March 15, 2015, family magistrates were known by several different terms around the State: master in chancery, master, family law master, domestic equity master, juvenile division master, family division master, master-juvenile and domestic relations, domestic relations master, and master for juvenile causes.

***House Bill 346* (passed)** alters references to the term "master" to "magistrate" throughout the Maryland Code.

Circuit Court Real Property Records Improvement Fund

Created by Chapter 327 of 1991, the Circuit Court Real Property Records Improvement Fund supports all personnel and operating costs within the land records offices of the clerks of the circuit courts. It further supports the maintenance costs of the Electronic Land Records Online Imagery System and its website. Since fiscal 2008, the fund has also been supporting the Judiciary's major information technology (IT) development projects.

Recordable Instrument Surcharge

Revenues for the Circuit Court Real Property Records Improvement Fund are generated through a recordation surcharge on all real estate transactions. Before fiscal 2012, the surcharge

was $20. The clerk's office of the circuit court in each county and Baltimore City imposes a surcharge on each recordable instrument that is recorded among the jurisdiction's land records or financing statement records. The surcharges are deposited in the fund, which is managed by the State Court Administrator with advice from a five-member oversight committee.

In response to concerns regarding the sustainability of the fund, Chapter 397 of 2011 (the Budget and Reconciliation Financing Act) increased the surcharge on all recordable instruments from $20 to $40 for fiscal 2012 through 2015. Pursuant to Chapter 397, the increase in the surcharge was to have terminated June 30, 2015.

The expiration of the surcharge increase, which would have decreased fund revenues by 50%, would have resulted in the fund being exhausted in fiscal 2017. In addition to eliminating the source of funding for all land record operations, the expiration of the increase in the surcharge also would have impacted the Judiciary's ongoing IT projects, most notably the Maryland Electronic Courts initiative.

***House Bill 51* (passed)** extends for five years (through 2020), the termination date of the increased $40 surcharge on recordable instruments.

Filing Fee Surcharges

Court costs and charges for the circuit courts are set by the State Court Administrator with the approval of the Board of Public Works. The initial filing fee for a case in the Court of Appeals or the Court of Special Appeals is $50. The initial filing fee for a civil case in the circuit courts is $80 plus a $55 surcharge for the Maryland Legal Services Corporation (MLSC) as authorized by statute.

In the District Court, the filing fee for summary ejectments is $22 in Baltimore City and $12 in all other counties. These fees include an $8 surcharge for MLSC authorized by statute and a $10 surcharge in Baltimore City for the Sheriff's Office. Filing fees for other civil cases also include an $18 MLSC surcharge authorized by statute and range from $28 to $38. In Baltimore City, specified landlord tenant filings in addition to summary ejectments are also subject to a $10 surcharge for the Baltimore City Sheriff's Office in addition to the MLSC surcharge.

A judge may waive the prepayment of filing fees and costs in a civil case because of indigency.

***House Bill 54* (passed)** requires the State Court Administrator to assess a surcharge of $11 on cases filed in the Court of Appeals and the Court of Special Appeals. The bill also requires the assessment of a $30 surcharge for civil cases filed in the circuit courts and a surcharge of $6 for civil cases reopened in the circuit courts. A surcharge may not be assessed to reopen a case brought by a petitioner under the protective order statutes. The Chief Judge of the District Court must assess a maximum surcharge of $3 per summary ejectment case and $8 for all other civil cases. The surcharges must be deposited into the Circuit Court Real Property Records Improvement Fund.

Civil Actions and Procedures

False Claims

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 federal False Claims Act. Among other things, Chapter 4 of 2010, also known as the Maryland False Health Claims Act (MFHCA), prohibits a person from making a false or fraudulent claim for payment or approval by the State or the Department of Health and Mental Hygiene under a State health plan or State health program and authorizes individuals to file private party causes of action on behalf of a governmental entity for false health claims made against the State.

***Senate Bill 374*/*House Bill 405* (both passed)** extend substantially similar provisions to other claims made against the State and to claims made against a local government. The bills (1) prohibit a person from knowingly making a false or fraudulent claim for payment or approval by a governmental entity; (2) authorize a governmental entity to file a civil action against a person who makes a false claim; (3) establish civil penalties for making a false claim; (4) permit a private citizen to file a civil action on behalf of a governmental entity against a person who has made a false claim; (5) require the court to award a certain percentage of the proceeds of the action to the private citizen initiating the action; and (6) prohibit 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.

A civil action brought by a private citizen on behalf of a governmental entity must remain under seal for at least 60 days to allow review by the governmental entity. If the governmental entity elects to intervene in the action, it has primary responsibility for proceeding. If the governmental entity does not elect to intervene, or later withdraws after intervening, the court must dismiss the action.

A person who violates the bills' prohibitions is liable to a governmental entity for a civil penalty of up to $10,000 for each violation and up to triple the governmental entity's damages resulting from the violation. However, the total amount of a violator's liability to the governmental entity may not be less than the amount of the actual damages the governmental entity incurred as a result of the false claims violation. These penalties are in addition to any criminal, civil, or administrative penalties provided under any other State or federal law or regulation. Any remedy provided under the bills is in addition to any other appropriate legal or equitable relief provided under any other applicable statute or regulation. However, a governmental entity may not maintain an action under the bill if the governmental entity has filed a civil action based on the same underlying act under MFHCA or sought enforcement by the Attorney General under specified procurement statutes pertaining to collusion or falsification or concealment of material facts. Any civil penalties or damages collected by the State are deposited into the State's general fund. The bill applies prospectively to claims made on or after June 1, 2015.

Civil Actions

Tort Claims Against State Government

In general, the State is immune from tort liability for the acts of its employees and cannot be sued in tort without its consent. Under the Maryland Tort Claims Act (MTCA), the State statutorily waives its own common law (sovereign) immunity on a limited basis. MTCA applies to tortious acts or omissions, including State constitutional torts, by "State personnel" performed in the course of their official duties, so long as the acts or omissions are made without malice or gross negligence. Under MTCA, the State essentially "…waives sovereign or governmental immunity and substitutes the liability of the State for the liability of the state employee committing the tort." (*Lee v. Cline,* 384 Md. 245, 262 (2004)).

However, MTCA limits the State's liability to $200,000 to a single claimant for injuries arising from a single incident or occurrence. Chapter 639 of 1999 established the current liability limits under MTCA.

In actions involving malice or gross negligence or actions outside of the scope of the public duties of the State employee, the State employee is not shielded by the State's color of authority or sovereign immunity and may be held personally liable.

A claimant is prohibited from instituting an action under MTCA unless (1) the claimant submits a written claim to the State Treasurer or the Treasurer's designee within one year after the injury to person or property that is the basis of the claim; (2) the State Treasurer/designee denies the claim finally; and (3) the action is filed within three years after the cause of action arises.

***House Bill 114* (passed)** increases the liability limit under MTCA to $400,000 to a single claimant for injuries arising from a single incident or occurrence. The bill also alters the notice requirements of MTCA by authorizing a court, on motion of a claimant who failed to submit a written claim within the one-year time period under MTCA, and for good cause shown, to entertain the claimant's action unless the State can affirmatively show that its defense has been prejudiced by the claimant's failure to submit the claim. The bill applies prospectively to a cause of action arising on or after October 1, 2015.

Tort Claims Against Local Governments

The Local Government Tort Claims Act (LGTCA) is the local government counterpart to MTCA. LGTCA limits the liability of a local government to $200,000 per individual claim and $500,000 per total claims that arise from the same occurrence for damages from tortious acts or omissions (including intentional and constitutional torts). Chapter 594 of 1987 established the current liability limits under LGTCA.

LGTCA further establishes that a local government is liable for tortious acts or omissions of its employees acting within the scope of employment. Thus, LGTCA prevents local governments from asserting a common law claim of governmental immunity from liability for such acts of its employees.

In general, under LGTCA, an action for unliquidated damages may not be brought unless the claimant gives notice of the claim within 180 days after the injury. The notice must comply with specified content and procedural requirements. However, unless the local government in an LGTCA suit can affirmatively show that its defense has been prejudiced by lack of required notice, the court, upon motion and for good cause shown, may entertain the suit even though the claimant did not give the required notice.

***House Bill 113* (passed)** increases the liability limits under LGTCA to $400,000 per individual claim and $800,000 per total claims that arise from the same occurrence for damages from tortious acts or omissions. The bill also extends the time period for giving notice of a claim to one year. The bill applies prospectively to a cause of action arising on or after October 1, 2015.

Hydraulic Fracturing

In hydraulic fracturing, fluids are pumped into rock formations and the resulting accumulation of pressure in the rock allows for the extraction of underground natural resources, including oil and natural gas.

***Senate Bill 458* (failed)** would have defined "hydraulic fracturing" as an ultra hazardous and abnormally dangerous activity and made information about chemicals used in hydraulic fracturing discoverable and admissible as evidence, regardless of a trade secret claim. The bill would have also increased the amount of comprehensive general and environmental pollution liability insurance coverage that a permit holder must maintain and increased the duration of coverage for environmental pollution liability insurance. Finally, the bill would have voided specified contractual waiver provisions pertaining to hydraulic fracturing activities.

For a more detailed discussion of hydraulic fracturing, see the subpart "Environment" within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

Immunity from Liability

The 2013 report of the Department and Health and Mental Hygiene, *Drug and Alcohol-Related Intoxication Deaths in Maryland*, indicated that drug- and alcohol-related intoxication deaths in Maryland totaled 858 in 2013, a 7% increase from 2012, and an 88% increase since 2011. There has also been a dramatic increase in heroin-related emergency visits in Maryland, and all but a small number were the result of heroin overdoses.

In light of this alarming trend, there are several major statewide efforts underway to reduce heroin- and fentanyl-related overdoses. Many local jurisdictions have begun to train their police officers on the proper administration of Naloxone, a life-saving medication that can safely and effectively reverse overdoses related to heroin and pharmaceutical opioids.

Under the Good Samaritan Act (§ 5-603 of the Courts and Judicial Proceedings Article), 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 546*/*House Bill 368* (both passed)** extend civil immunity under the Good Samaritan Act for acts of ordinary negligence to specified rescue and emergency care personnel administering medications or treatment approved for use in response to an apparent drug overdose. The bills' provisions apply to a member of any State, county, municipal, or volunteer fire department, ambulance and rescue squad, or law enforcement agency, or a corporate fire department, if the member is (1) licensed or certified by the State Emergency Medical Services Board as an emergency medical services provider and is authorized to administer the medications and treatment under protocols established by the board or (2) certified to administer the medications and treatment under protocols established by the Secretary of Health and Mental Hygiene or the Maryland State Police Medical Director. This civil immunity also applies to a corporation when its fire department personnel are covered by the bills' provisions. The bills apply prospectively to causes of action arising on or after October 1, 2015.

Disclosure of Information by Insurers

Limits of Insurance Coverage

An insurer must provide a claimant, after the claimant files a written tort claim concerning a vehicle accident and provides specified documentation to the insurer, with documentation of the applicable limits of liability coverage in any insurance agreement under which the insurer may be liable to (1) satisfy all or part of the claim or (2) indemnify or reimburse for payments made to satisfy the claim. The insurer must provide the claimant with this documentation within 30 days after receipt of the claimant's written request, regardless of whether the insurer contests the applicability of coverage to a claim.

A claimant may obtain documentation of the limits of liability coverage if the claimant provides the following information in writing to the insurer: (1) the date of the vehicle accident; (2) the name and last known address of the alleged tortfeasor; (3) a copy of the accident report; (4) the insurer's claim number, if available; (5) the claimant's health care bills and documentation of the claimant's loss of income, if any, resulting from the accident; and (6) the records of health care treatment for the claimant's injuries caused by the vehicle accident. If the claimant provides documentation of health care bills and loss of income of at least $12,500, the insurer must disclose in writing to the claimant the applicable limits of coverage in each written agreement under which the insurer may be liable. Similar requirements apply if the claimant is the estate of an individual or beneficiary of an individual killed in a vehicle accident.

***Senate Bill 146* (passed)** reduces the information a claimant who alleges damages as a result of a vehicle accident must provide to an insurer before the insurer is required to disclose the applicable limits of insurance coverage to the claimant.

With respect to a person who alleges damages as a result of a vehicle accident or an attorney who represents the person, the bill removes the requirements that the claimant provide written documentation of (1) the claimant's health care bills and any loss of income resulting from the

accident and (2) records of health care treatment for injuries sustained by the claimant because of the accident.

For a claim by the estate of an individual or beneficiary of an individual who died as a result of a vehicle accident, the bill removes the requirements that the claimant provide written documentation to the insurer of (1) the amount of economic damages, if any, claimed by each known beneficiary of the decedent, including any amount claimed based on future loss of earnings; (2) the bills for health care treatment of the decedent, if any, resulting from the vehicle accident; (3) the records of health care treatment for injuries to the decedent caused by the vehicle accident; and (4) the decedent's past loss of income, if any, resulting from the vehicle accident.

The bill also removes the provision requiring that the amount of health care bills and loss of income documented by a personal injury claimant total at least $12,500 in order for the insurer to be required to disclose in writing the applicable limits of coverage in each written agreement.

Addresses of Defendant

***Senate Bill 145* (passed)** requires that upon written request of a plaintiff, an insurer or a person that has a self-insurance plan must provide the plaintiff with the defendant's last known home and business addresses, if known. The bill repeals statutory provisions requiring a plaintiff to file a certification meeting specified requirements before an insurer or self-insured person is required to provide this information to the plaintiff. The bill applies prospectively to cases filed on or after October 1, 2015.

Enforcement of Money Judgments

Under Maryland Rule 2-633, a judgment creditor in a circuit court may obtain discovery to aid the enforcement of a money judgment by (1) use of depositions, interrogatories, and requests for documents and (2) examination before a judge or examiner. Under Maryland Rule 3-633, a judgment creditor in the District Court may obtain discovery to aid the enforcement of a money judgment by (1) use of interrogatories and (2) examination before a judge or examiner.

In the circuit courts or the District Court, a judgment creditor may file a request for examination no earlier than 30 days after the entry of a money judgment. Upon this request, the court where the money judgment was entered or recorded may issue an order requiring the appearance for examination under oath before a judge or examiner of (1) the judgment debtor or (2) any other person if the court is satisfied by affidavit or other proof that it is probable that the person has property of the judgment debtor, is indebted for a sum certain to the judgment debtor, or has knowledge of any concealment, fraudulent transfer, or withholding of any assets belonging to the judgment debtor.

Maryland Rule 2-633 does not contain a provision concerning a subsequent examination in the circuit court of a judgment debtor or other person by the same judgment creditor. Maryland Rule 3-633 provides that the District Court may order a subsequent examination only for good cause shown.

Senate Bill 121 ***(passed)*** prohibits a circuit court or the District Court from requiring a judgment creditor that has requested an examination in aid of enforcing a money judgment to show that good cause exists for the examination. However, a court may require a judgment creditor to show that good cause exists for the examination of a person if the court granted a request by the judgment creditor for an examination of the same person within the previous 12 months.

Appeals − Supersedeas Bond

In general, an appellant may stay the enforcement of a civil judgment from which an appeal is taken by filing a supersedeas bond or alternative security with the clerk of the court. The bond or security may be filed at any time before satisfaction of the judgment, but the enforcement is stayed only from the time the security is filed.

Under Maryland Rule 8-423(b), the amount of a bond for a judgment for the recovery of money not otherwise secured must be the amount that will cover the whole amount of the unsatisfied portion of the money judgment, plus interest and costs. However, the court may reduce the amount of the bond after making specific findings justifying the amount following consideration of all relevant factors. The parties in a case may agree to an alternative amount for the bond.

House Bill 164 ***(passed)*** specifies that the amount of a supersedeas bond that must be posted in a civil action to stay enforcement of a judgment granting any type of relief during the entire course of all appeals or discretionary reviews may not exceed the lesser of $100,000,000 or the amount of the judgment for each appellant, regardless of the amount of the judgment appealed.

In a civil action, a party seeking a stay of execution of a judgment of any amount pending review may file a motion to reduce the amount of a supersedeas bond required to obtain the stay. Upon this motion or on its own motion, a court may reduce the amount of the supersedeas bond or may set other conditions to obtain the stay, with or without a bond, in the interest of justice or for good cause shown. If an appellant posts a supersedeas bond in accordance with the bill's provisions in an amount that is less than the amount that would be required under Maryland Rule 8-423(b), the appellee may engage in discovery for the limited purpose of determining whether the appellant dissipated or diverted assets outside the course of its ordinary business or is in the process of doing so. The circuit court must retain jurisdiction over the action for the limited purpose of ruling on any motions relating to this discovery to make determinations regarding the dissipation or diversion of assets.

If a court determines that an appellant dissipated or diverted assets outside the course of its ordinary business or is in the process of doing so, the court may (1) enter orders necessary to protect the appellee; (2) require the appellant to post a bond in an amount not to exceed the full amount that would be required under Maryland Rule 8-423(b); and (3) impose other remedies and sanctions that the court considers appropriate.

The bill applies to any civil action pending on or filed on or after October 1, 2015.

Statutes of Limitation

States have taken different approaches to the issue of expanding the ability of child sexual abuse victims to bring civil claims at a time later than that allowed in most other civil cases. The simplest and most direct approach extends the limitations period for a civil action based on child sexual abuse for a specified number of years.

In general, a civil action must be filed within three years from the date it accrues unless another statutory provision permits a different period of time within which an action can be commenced. 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.

***Senate Bill 668/House Bill 725* (both failed)** would have extended the statute of limitations in these causes of action to 20 years from the date that the victim attains the age of majority.

Family Law

Child Abuse and Neglect

Waiver of Reunification Efforts

Federal law requires State agencies to demonstrate that reasonable efforts have been made to provide assistance and services to prevent the removal of a child from his or her home and to make it possible for a child who has been placed in out-of-home care to be reunited with his or her family. One exception to the reasonable efforts requirement is when the court has determined that the parent subjected the child to "aggravated circumstances" as defined by State law. The federal law provides that the definition of "aggravated circumstances" under State law may include, but is not limited to, abandonment, torture, chronic abuse, and sexual abuse.

Under Maryland law, a local department of social services may ask the court in a child in need of assistance (CINA) proceeding for a waiver from the obligation to make reasonable efforts to reunify a child with the child's parents or guardian if the local department concludes that the parent or guardian has (1) subjected the child to chronic abuse, chronic and life-threatening neglect, sexual abuse, or torture; (2) been convicted of specified crimes of violence against a minor offspring of the parent or guardian, the child, or another parent or guardian of the child or aiding, abetting, conspiring, or soliciting to commit these crimes; or (3) involuntarily lost parental rights of a child. If the court finds, by clear and convincing evidence, that any of these circumstances exists, the court must grant the local department's waiver request. The local department is then required to make reasonable efforts to secure a placement for the child in a timely manner, as specified by the permanency plan, and complete the necessary steps to finalize the child's permanent placement.

In 2012, a Maryland infant, Anayah Williams, entered foster care after she suffered a fractured skull and rib. An investigation did not find sufficient evidence to show who was responsible for the child's injuries, and no one was criminally charged. Accordingly, the case did not meet the criteria under current State law for waiving reunification, and the infant was subsequently returned to her parents. Soon after being reunited with her family, the child died after sustaining additional injuries. Her parents have been indicted in relation to her death.

***Senate Bill 150/House Bill 171* (both passed)** expand the circumstances under which a local department may ask the court in a CINA proceeding to find that reasonable efforts to reunify a child with the child's parent or guardian are not required. A local department may ask the court to find that reasonable efforts are not required if the local department concludes that a parent or guardian has subjected the child to the following aggravated circumstances:

- the parent or guardian has engaged in or facilitated chronic or severe physical abuse, chronic and life-threatening neglect, sexual abuse, or torture of the child, a sibling of the child, or another child in the household;
- the parent or guardian knowingly failed to take appropriate steps to protect the child after a person in the household inflicted sexual abuse, severe physical abuse, life-threatening neglect, or torture on the child or another child in the household;
- the child, a sibling of the child, or another child in the household has suffered severe physical abuse or death resulting from abuse by the parent or guardian or another adult in the household and all persons who could have inflicted the abuse or caused the death remain in the household; or
- the parent or guardian has abandoned the child.

The bills also repeal the more general statutory provisions stating that reunification efforts are not required if the parent or guardian has subjected the child to chronic abuse, chronic and life-threatening neglect, sexual abuse, or torture. Statutory provisions authorizing the court to waive reunification efforts for violent crime convictions, as specified, or when a parent or guardian has involuntarily lost parental rights of a sibling of a child, remain the same.

Records and Reports

Centralized Confidential Database: MD CHESSIE is the database used by Department of Human Resources (DHR) to track information regarding child abuse and neglect. MD CHESSIE consist of two parts, the "central registry," which is available to all local departments, and the "local department case file," which is still part of the database but is only available to the local department that conducted the child abuse or neglect investigation. In order for a local department to see the case file of another local department, it must request access. ***House Bill 386* (passed)** alters provisions of law regarding the database to authorize the sharing of information regarding child abuse and neglect investigations among all local departments of social services in the State.

Former Foster Children

DHR employs a variety of strategies to help foster youth to successfully make the transition to adulthood. For example, DHR must establish a program of out-of-home care for former CINAs. A former CINA may remain in an out-of-home placement under a voluntary placement agreement for more than 180 days if the former CINA continues to comply with the voluntary placement agreement and a juvenile court makes a finding that the continuation of the placement is in the former CINA's best interests.

***Senate Bill 685* (Ch. 46)** requires a juvenile court, in permanency planning and guardianship review hearings, to make findings as to whether a local department of social services has made reasonable efforts to (1) enroll the child in health insurance before the child is emancipated, that will continue after the child is emancipated; (2) screen the child for eligibility for public benefits and assist the child with applications for public benefits before the child is emancipated; (3) work with appropriate individuals to establish a plan for stable housing that is reasonably expected to remain available to the child for at least 12 months after the date of emancipation; and (4) work with appropriate individuals to engage the child in education, training, and employment activities that will prepare the child to have appropriate and sufficient income to live independently after emancipation.

The Act also requires a local department to advise a child, before emancipation and in writing, of the right to reenter care and the procedures for reentering care under a voluntary placement. If a local department has knowledge that a former CINA is homeless, as defined by federal law, the local department must contact the former CINA to advise him or her of the right to reenter care and procedures to do so.

The Social Services Administration (SSA) of DHR must also adopt regulations that ensure that all children in foster care who are at least age 18 have a birth certificate, a Social Security card, health insurance information, medical records, and a driver's license or State-issued identification card at emancipation. At least once per year, SSA must provide a child in an out-of-home placement who is at least age 13 information regarding housing and the right to reenter care as a voluntary placement. By June 1, 2016, DHR must report to the General Assembly on the plans of each local department of social services for partnering to promote affordable housing and employment opportunities for former foster youth.

Domestic Violence

Dating Relationships

Individuals who are victims of abuse may petition the courts for civil orders of protection. Depending on the type of relationship the individual has with the respondent (the alleged abuser), the individual may petition for either a peace order or a protective order. In order to file for a protective order, an individual must be a "person eligible for relief." A person eligible for relief includes (1) a current or former spouse of the respondent; (2) a cohabitant of the respondent; (3) a person related to the respondent by blood, marriage, or adoption; (4) a parent, stepparent, child, or stepchild of the respondent or the person eligible for relief who resides or resided with

the respondent or person eligible for relief for at least 90 days within one year before the filing of the petition; (5) a vulnerable adult; or (6) an individual who has a child in common with the respondent.

Individuals, including dating partners, coworkers, and neighbors, who experience violence from others but do not meet the relationship requirements of the protective order statute, may petition for a peace order, a more limited civil order of protection. Although peace orders offer protection to individuals in dating relationships, advocates for victims of domestic violence have argued that it is more appropriate to include these relationships within the protective order statute, since dating relationship violence is more akin to the type of intimate partner violence experienced by those in the familial relationships delineated under the protective order statute, rather than the type of violence experienced among coworkers or neighbors.

Proponents of expanding eligibility for domestic violence protective orders also note that the differences between the two types of orders may leave individuals in dating relationships without important protections that are afforded to individuals who are granted protective orders. For example, warrantless arrests are permitted only for violations of protective orders and not for violations of peace orders. Additionally, under a final protective order, a respondent is required to surrender all firearms in the respondent's possession during the term of the order, while this requirement to surrender firearms does not apply to a respondent under a final peace order. Protective orders also can be longer in duration than peace orders. Generally, final protective orders may be granted for a maximum of 12 months and extended for an additional 6 months. In limited circumstances specified by statute, final protective orders may be granted and extended for longer periods of time. A final peace order may be granted for a maximum of only 6 months and may be extended for 6 additional months.

Finally, although the burden of proof for peace orders and protective orders is identical, individuals seeking a peace order may have a higher evidentiary threshold to meet due to specific language within the peace order statute. In order to grant a final peace order, unless the respondent consents to the entry of an order, a judge must find by a preponderance of the evidence not only that the respondent has committed a specified act (including assault, stalking, an act causing serious bodily harm, etc.), but also that the respondent is likely to commit such an act in the future. Furthermore, a peace order petition must allege that one of the specified acts occurred within 30 days before the filing of the petition. In contrast, the issuance of a final protective order does not require that the underlying act of abuse has taken place within the past 30 days nor does it require the judge to make a finding that the respondent is likely to commit abuse again.

Over 40 states and the District of Columbia specifically authorize individuals in dating, sexual, personal, and/or intimate relationships to petition for protective orders for relief from domestic abuse. ***Senate Bill 477*** ***(passed)*** expands eligibility for a domestic violence protective order by altering the definition of a "person eligible for relief" to include an individual who has had a sexual relationship with the respondent within one year before the filing of the protective order petition. The bill also establishes an exception to the forms of relief available in a final protective order by specifying that if a final protective order is issued for a person eligible for relief

under the bill's provisions, the parties may not be directed to participate in professionally supervised counseling or a domestic violence program.

Protection for Maryland Residents

Pursuant to the federal Violence Against Women Act, any order for protection meeting specified requirements that is issued by the court of one state, Native American tribe, or territory (the issuing jurisdiction) must be accorded full faith and credit by the court of another state, tribe, or territory and enforced by the court and law enforcement personnel as if it were the order of the enforcing jurisdiction. "Full faith and credit" requirements apply to any order for protection entered pursuant to a complaint, petition, or motion filed by or on behalf of a person seeking protection if (1) the issuing court has jurisdiction over the parties and subject matter under the law of the state, tribe, or territory and (2) notice and an opportunity to be heard is given to the person against whom the order is sought.

***Senate Bill 270*/*House Bill 390* (both passed)** specifically authorize the filing of a protective order petition or a peace order petition if (1) the abuse or underlying act is alleged to have occurred in the State or (2) the petitioner or the person eligible for relief is a resident of the State, regardless of where the abuse or underlying act is alleged to have occurred. The bills also specify that it is the intent of the General Assembly that an order for protection issued by a court of this State must be accorded full faith and credit by a court of another state to the extent required by federal law.

Additional Relief

In a domestic violence proceeding, if a judge finds by a preponderance of the evidence that abuse has occurred, or if the respondent consents to the entry of a protective order, the judge may grant a final protective order to protect any person eligible for relief from abuse. A final protective order may contain numerous forms of relief, including provisions (1) requiring a respondent to refrain from further contact and/or abuse and remain away from specified locations; (2) establishing temporary custody and visitation arrangements; and (3) awarding temporary use and possession of a residence or vehicle under certain circumstances. The final protective order also must require the respondent to surrender to law enforcement authorities any firearm in the respondent's possession and to refrain from possession of any firearm for the duration of the protective order. ***Senate Bill 269*/*House Bill 225* (both passed)** expand the relief that may be awarded in a final protective order by authorizing the judge, when issuing a final protective order, to include any other relief that the judge determines is necessary to protect a person eligible for relief from abuse.

Duration of Protective Orders

Two-year Protective Order: All relief granted in a final protective order is effective for the period stated in the order, generally up to a maximum of 12 months. A final protective order may be issued for up to two years if it is issued against a respondent for an act of abuse committed within one year after the date that a prior final protective order issued against the same respondent on behalf of the same person eligible for relief expired, if the prior final protective order was issued

for a period of at least 6 months. Additionally, a final protective order may be extended for two years if, during the term of the protective order, the court finds by a preponderance of the evidence that the respondent named in the protective order committed a subsequent act of abuse against a person eligible for relief who was named in the protective order.

***Senate Bill 315/House Bill 224* (both passed)** expand the circumstances under which a court may issue or extend the term of a final protective order for a maximum duration of two years. Specifically, the legislation authorizes the court to (1) issue a final protective order for a maximum of two years if the protective order is issued by consent of the respondent within one year after the expiration date of a prior final protective order issued against the same respondent on behalf of the same person eligible for relief and (2) extend the term of a final protective order for a maximum of two years if the respondent named in the protective order consents to the extension.

Permanent Protective Order: A victim of abuse who was the person eligible for relief in an original final protective order may request the issuance of a permanent final protective order. A court is required to issue a permanent final protective order against an individual if (1) the individual was previously a respondent against whom a final protective order was issued and (2) the individual was convicted and sentenced to serve a term of imprisonment of at least five years and has served at least 12 months of the sentence for attempted murder in the first or second degrees, first- or second-degree assault, first- or second-degree rape, first- or second-degree sexual offense, or attempted rape or sexual offense in the first or second degree. One of the specified crimes must have been the act of abuse that led to the issuance of the original final protective order. A permanent final protective order may contain only the relief that was granted in the original order that required the respondent to refrain from abusing or threatening to abuse the person eligible for relief or to refrain from contacting, attempting to contact, or harassing the person eligible for relief. ***House Bill 263* (passed)** adds the crimes of conspiracy or solicitation to commit murder to the list of crimes, the commission of which subjects an individual to the issuance of a permanent final protective order under the circumstances set forth above.

Child Support

Uniform Interstate Family Support Act

The Uniform Interstate Family Support Act (UIFSA) is a uniform act that was developed to provide for the interstate enforcement of child support orders. Maryland adopted UIFSA pursuant to Chapter 667 of 1996. In November 2007, the United States signed the Hague Convention on the International Recovery of Child Support and Other Forms of Family Maintenance, which contained numerous provisions relating to the enforcement of international child support cases. The National Conference of Commissioners on Uniform State Laws (NCCUSL) amended UIFSA in 2008 to incorporate changes required by this convention. Congress passed legislation in 2014 requiring the 2008 UIFSA amendments to be enacted in every state as a condition for continued receipt of federal funds supporting state child support programs. ***House Bill 1289* (passed)** revises UIFSA to include the 2008 amendments, which establish procedures for the processing of international child support cases. According to NCCUSL, these amendments will improve the enforcement of child support orders abroad and help ensure that

children residing in the United States will receive the financial support due from parents wherever the parents may reside.

Divorce

Grounds for Limited Divorce: A court may grant a limited divorce on the following grounds (1) cruelty of treatment of the complaining party or a minor child of the complaining party; (2) excessively vicious conduct to the complaining party or to a minor child of the complaining party; (3) desertion; or (4) voluntary separation, if the parties are living separate and apart without cohabitation and there is no reasonable expectation of reconciliation.

A limited divorce does not sever the marriage, but does grant the complaining party the right to live separate and apart from the other spouse. A limited divorce can also address issues of custody, visitation, child support, alimony, and use and possession of a family home. ***House Bill 165 (passed)*** alters the conditions that determine separation for purposes of a limited divorce by repealing the requirements that the separation must be voluntary and without a reasonable expectation of reconciliation and by repealing the court's authority to, as a condition precedent to granting a decree of limited divorce, require the parties to participate in good faith in the efforts to achieve reconciliation that the court prescribes.

Grounds for Absolute Divorce: A court may grant an absolute divorce on the following grounds (1) adultery; (2) desertion, if the desertion is deliberate and final, has continued for 12 months without interruption, and there is no reasonable expectation of reconciliation; (3) conviction of a felony or misdemeanor in any state or federal court, if the defendant has been sentenced to serve at least three years, or an indeterminate sentence, and has served 12 months of the sentence; (4) 12-month separation, when the parties have lived separate and apart without cohabitation for 12 months without interruption before the filing of the divorce application; (5) insanity, as specified; or (6) cruelty of treatment or excessively vicious conduct toward the complaining party or a minor child of the complaining party, if there is no reasonable expectation of reconciliation.

Senate Bill 472 (passed) authorizes a court to grant an absolute divorce on the ground of mutual consent, without a waiting period, if (1) the parties do not have any minor children in common; (2) the parties execute and submit to the court a written settlement agreement signed by both parties that resolves all issues relating to alimony and the distribution of property; (3) neither party files a pleading to set aside the settlement agreement prior to the divorce hearing required under the Maryland Rules; and (4) both parties appear before the court at the absolute divorce hearing. If the court decrees an absolute divorce on the ground of mutual consent, the court may merge or incorporate the settlement agreement into the divorce decree and modify or enforce the settlement agreement as authorized by statutory provisions.

Residency Requirements: If the grounds for divorce occurred outside of the State, a party may not apply for a divorce unless one of the parties has resided in the State for at least one year before the application is filed. ***House Bill 1185 (passed)*** reduces, from one year to six months,

the amount of time that a party to an application for divorce in these circumstances must reside in the State before the application may be filed.

Human Relations

Employment Discrimination – Interns

Under current law, discrimination in employment based on an individual's race, color, religion, national origin, sex, age, marital status, sexual orientation, gender identity, or disability is prohibited. This includes discrimination by employers with 15 or more employees, employment agencies, labor organizations, and training programs. Employers are also prohibited from failing or refusing to make a reasonable accommodation for the known disability of an otherwise qualified employee. Discrimination or retaliation is also prohibited against individuals who have opposed any discriminatory practice or made a charge, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing relating to an alleged discriminatory act. Employment discrimination includes actions related to the printing or publishing of notices or advertisements indicating a prohibited preference, limitation, specification, or discrimination.

***Senate Bill 604* (Ch. 43)** extends these prohibitions to include acts against interns or applicants for internships. Under the Act, an intern claiming to be aggrieved by an alleged discriminatory act must have access to any internal procedure the employer has for resolving a complaint by an employee of sexual harassment or other discrimination. If the employer does not have an internal procedure, the individual may file a complaint with the Maryland Commission on Civil Rights for nonmonetary administrative remedies.

Nonmonetary administrative remedies include:

- enjoining an employer from engaging in the discriminatory act;
- ordering reinstatement or hiring of the intern;
- prohibiting retaliation for complaining;
- requiring employer and staff "harassment" training; and
- reinstating benefits lost because of the discrimination (*e.g.*, work assignments, mentors, access to employer information needed for the internship assignment, field trips, etc.).

The Act's provisions do not create an employment relationship between an employer and an intern for the purposes of (1) statutory provisions authorizing a civil action to be brought by a complainant or the commission on behalf of a complainant or monetary damages or (2) any provision of the Labor and Employment Article or the State Personnel and Pensions Article.

Traffic Stops

***Senate Bill 413/House Bill 339* (both passed)** restore, for a five-year period, the data collection and reporting program related to race-based traffic stops that terminated in 2014. Under the bills, each law enforcement agency in the State must collect specified data on all traffic stops and report it annually to the Maryland Statistical Analysis Center. 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*.

***House Bill 917* (passed)** prohibits a police officer at a motor vehicle checkpoint from targeting only motorcycles for inspection or evaluation. However, if a checkpoint is established as part of a police search or investigation, a police officer may target motorcycles as appropriate. For a further discussion of this bill, see the subpart "Motor Vehicles" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Health Care Services

Chapter 2 of 2012 authorized marriages between individuals of the same sex. To assist these couples in creating families, ***Senate Bill 416*/*House Bill 838* (both passed)** require health insurance carriers to provide coverage for *in vitro* fertilization if the patient and the patient's spouse are of the same sex and have a history of involuntary infertility. For a more detailed discussion of these bills, see the subpart "Health Insurance" within Part J – Health and Human Services of this *90 Day Report*.

***Senate Bill 792* (passed)** prohibits discrimination in each part of the organ transplantation process against a potential recipient of any anatomical gift or organ transplant solely on the basis of an individual's disability. For more information about this bill, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

Birth Certificates – Sex Change or Diagnosis of an Intersex Condition

Chapter 474 of 2014 prohibited discrimination in employment, housing, and public accommodations on the basis of gender identity. ***Senate Bill 743*/*House Bill 862* (both passed)** require the Secretary of Health and Mental Hygiene to issue a new birth certificate for an individual born in this State if (1) a licensed health care practitioner certifies that the individual has undergone a sex change or has an intersex condition; (2) a court has issued an order indicating that the sex of the individual has changed; or (3) before October 1, 2015, the Secretary amended an original birth certificate on receipt of a court order indicating the individual's sex change. The new birth certificate may not be marked "amended" or show on its face that a change has been made to a sex designation. For more information about these bills, see the subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

Real Property

Ground Rents

Ground leases have been a form of property holding in Maryland since colonial times. A ground lease creates a leasehold estate in the grantee (leasehold tenant) that is personal – not real – property. The grantor (ground lease holder) 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 ground lease holder for the use of the property for the term of the lease in annual or semiannual installments. Under a typical ground lease contract, the leasehold tenant agrees to pay all fees, taxes, and other costs associated with ownership of the property. Prior to 2007, when a leasehold tenant failed to pay rent, the ground lease holder could bring an action for the past-due rent or for possession of the premises (an "ejectment action"). Because the leasehold tenant had a leasehold estate, a tenant whose property was seized in an ejectment action received no compensation for any equity in the property.

After a series of news articles in 2006 chronicled serious problems with the ground rent system, the General Assembly passed several bills addressing ground leases during the 2007 session. Notably, Chapter 286 of 2007 eliminated ejectment as a remedy for nonpayment of ground rent and replaced it with a process to create and foreclose on a lien. In February 2014, however, the Maryland Court of Appeals invalidated key provisions of Chapter 286 in *State v. Goldberg*, 437 Md. 191 (2014). In *Goldberg*, the Court of Appeals held that the right to re-entry in a ground lease is a vested right that cannot be abrogated by the General Assembly and that the retroactive elimination of the remedy of ejectment under Chapter 286 amounted to a taking of private property without just compensation, violating both the Maryland Declaration of Rights and the Maryland Constitution.

***House Bill 511* (passed)** responds to the *Goldberg* decision by repealing the unconstitutional lien and foreclosure remedy introduced by Chapter 286 and reinstating, with modifications, an action for possession of the property as the remedy, similar to the posture of the law before 2007. The bill limits the expenses for which a ground lease holder may be reimbursed in an action to recover past due ground rent and an action for possession for nonpayment of ground rent, and adds new requirements for notices to and service of process on a leasehold tenant. In addition, the bill prohibits the holder of a ground lease on residential property from bringing an action against a leasehold tenant unless the ground lease is registered with the State Department of Assessments and Taxation, prohibits a ground lease holder from taking or threatening to take possession of residential property by a specified nonjudicial eviction process ("self-help"), and allows multiple opportunities for a holder of a security interest in residential property subject to a ground lease to cure a default in ground rent payments or apply to redeem the reversion.

Mortgages

Chapter 233 of 2014 created a new option for homeowners facing foreclosure by enabling a certified community development financial institution (CDFI) to buy an owner-occupied residential property from a lender before foreclosure and transfer the property back to the

immediately preceding homeowner. Chapter 233 also exempted an instrument of writing that transfers property under these narrowly drawn circumstances from recordation taxes and the State transfer tax.

During the 2015 session, the General Assembly passed emergency legislation clarifying the changes made by Chapter 233. ***House Bill 1178*** ***(passed)*** establishes that a purchase money mortgage or purchase money deed of trust is exempt from recordation and State transfer taxes in the same way that an instrument of writing is exempt when part of a narrowly prescribed transfer of residential property from a CDFI to the immediately preceding homeowner. For a more detailed discussion of ***House Bill 1178***, see the subpart "Miscellaneous Taxes" within Part B – Taxes of this *90 Day Report*.

New Home Sales Contracts

A contract for the initial sale of a new home must be contingent on the purchaser obtaining a written commitment for a loan secured by the property, unless the contract contains a provision expressly stating that it is not contingent. A new home is defined under the Maryland Home Builder Registration Act as a newly constructed residential dwelling and the fixtures that are part of the dwelling. If the contract is contingent on the purchaser obtaining a written commitment for a loan secured by the property, the contract must state the maximum loan interest rate the purchaser is obligated to accept.

Senate Bill 649/***House Bill 1183*** ***(both passed)*** expand this standard contract provision by requiring that when a contract for the initial sale of a new home is contingent on the purchaser obtaining a written commitment for a loan secured by the property, the contract must contain a provision specifying the time period for obtaining such a commitment. If a purchaser does not obtain a written commitment for a loan in accordance with the terms of the contract, including terms relating to the time period for obtaining the written commitment, then on written notice, either party may declare the contract void and the seller must return to the purchaser any deposit paid under the contract. If the deposit is held by a licensed real estate broker, the deposit must be distributed in accordance with State law governing the distribution of money held in trust by a licensed real estate broker.

Interest on Security Deposits

Within 45 days after the end of a tenancy, a landlord or mobile home park owner must return any security deposit paid by a tenant or resident, less any damages rightfully withheld. In addition to the principal of the security deposit, the landlord or park owner must return interest that has accrued on the security deposit. Chapters 488 and 489 of 2014 altered the amount of interest a landlord or mobile home park owner must pay on a security deposit – from 3% per annum to the greater of the daily U.S. Treasury yield curve rate for one year, as defined on the first day of each year, or 1.5% per annum. ***Senate Bill 408***/***House Bill 782*** ***(both passed)*** further clarify that interest accrues at monthly intervals from the day the tenant gives the landlord or park owner the security deposit. No interest is due or payable (1) unless the landlord or park owner has held the security deposit for a minimum of six months or (2) for any period less than a full month.

Surcharges on Recordable Instruments

The clerk's office of the circuit court in each county and Baltimore City is required to collect a surcharge on each recordable instrument that is recorded among the jurisdiction's land records or financing statement records. A "recordable instrument" includes any deed, grant, mortgage, deed of trust, lease, assignment, and release that pertains to any interest in property or land, including an interest in rents and profits from rents. The surcharges are deposited into the Circuit Court Real Property Records Improvement Fund and used to support the personnel and operating costs of the land records offices as well as certain major information technology development projects of the Judiciary. Chapter 397 of 2011 temporarily increased the surcharge on all recordable instruments from $20 to $40. ***House Bill 51* (passed)** extends the termination date of this increase, which was scheduled to terminate in 2015, for five years (through 2020). For further discussion of ***House Bill 51***, see the subpart "Judges and Court Administration" within this part of this *90 Day Report*.

Estates and Trusts

Trusts

Limitations on Creditors' Claims – Revocable Trusts

Under the law governing distribution of a decedent's estate, all claims against an estate are barred unless presented within the earlier of (1) six months after the date of the decedent's death or (2) two months after the personal representative mails or delivers a notice to the creditor.

Under the Maryland Trust Act, after the death of a settlor, the property of a trust that was revocable at the death of the settlor is subject to the claims of the settlor's creditors. However, the Maryland Trust Act does not specify a period following the settlor's death in which creditors are required to present their claims. Accordingly, the general 3-year statute of limitations for civil claims (or 12 years for certain specialties) applies.

***House Bill 666* (Ch. 100)** specifies that, whether or not the terms of a trust contain a spendthrift provision, if a proceeding (other than for a small estate) is commenced to administer the estate of a deceased settlor, the property of a trust that was revocable at the death of the settlor is not subject to, and the trustee and beneficiaries of that trust may not be held liable for, claims of the creditors that (1) are not properly presented in the estate proceeding within the time period specified in State law or (2) are disallowed and barred under State law.

If a proceeding for the administration of an estate has not been commenced, the trustee of the decedent's trust may publish a notice that must (1) announce the death of the decedent; (2) provide the name and address of the trustee; (3) notify creditors of the decedent to present their claims to the trustee; and (4) be substantially in the form specified in the bill. The notice must be published once a week for three successive weeks in a newspaper of general circulation in what

would otherwise be the proper venue for an administrative or judicial probate for the estate of that decedent.

The publication of a notice affords the trust property, the trustee, and the beneficiaries of the trust the same protections that are afforded to a decedent's estate, personal representative, and heirs and legatees against claims presented more than six months after the date of the first publication of the notice.

Within six months after the date of first publication of proper notice, a creditor must (1) file an action on the creditor's claim against the trustee and serve a copy of the complaint on the trustee within 30 days of the filing; or (2) present to the trustee at the address provided in the notice:

- a verified written statement of the claim indicating its basis;
- the name and address of the claimant;
- if the claim is not yet due, the date on which it will become due;
- if the claim is contingent, the nature of the contingency;
- if the claim is secured, a description of the security; and
- the specific amount claimed.

If a claim containing all of the required information is not filed and served or otherwise presented to the trustee within six months after the date of first publication of the notice, all claims of the creditor are forever barred as against the trust property, the trustee, and the trust beneficiaries.

If a proper claim is presented to the trustee and the trustee disallows the claim wholly or in a stated amount, the claimant is forever barred to the extent of the disallowance unless the claimant files an action against the trustee or against any person to whom trust property has been distributed. Such an action must be filed within 60 days after the mailing of the notice of disallowance by the trustee to the claimant. The notice informing the claimant of the disallowance must contain a notice to the claimant concerning the time limitations for commencing an action.

Incapacity

***House Bill 703* (passed)** defines the terms "incapacitated" and "incapacity" as they relate to the Maryland Trust Act. Under the bill, incapacitated means the state of having an incapacity. Incapacity means the inability of an individual to manage the individual's property or financial affairs effectively due to (1) physical or mental disability; (2) disease or illness; (3) habitual drunkenness; (4) drug addiction; (5) imprisonment; (6) compulsory hospitalization; (7) confinement; (8) detention by a foreign power; or (9) disappearance. The bill clarifies that loss of capacity by a settlor to create a will does not convert a revocable trust into an irrevocable trust.

Authorization to Fund a Special or Supplemental Needs Trust

Current law establishes that it is the policy of the State to encourage the use of a special needs trust or supplemental needs trust by an individual of any age with disabilities to preserve funds to provide for the needs of the individual not met by public funds and to enhance quality of life. Each State agency that provides public benefits to individuals with disabilities must adopt specified regulations regarding these trusts. The statute may not be interpreted to require a court order to authorize a *disbursement* from a special or supplemental needs trust. The law was silent, however, as to whether a court order was needed for the funding of a special or supplemental needs trust. ***Senate Bill 217* (Ch. 20)** clarifies that the statute may not be interpreted to require a court order to authorize the *funding* of a special or supplemental needs trust.

Elective Share

Instead of property left to a surviving spouse by will, a spouse may elect to take a one-third share of the net estate if there is also a surviving issue (a living lineal descendant), or a one-half share if there is no surviving issue. "Net estate" is defined as the property of the decedent passing by testate succession (by will), without a deduction for State or federal estate or inheritance taxes, and reduced by funeral and administration expenses, family allowances, and enforceable claims and debts against the estate.

***House Bill 281* (failed)**, as amended by the House, would have altered the definition of the net estate of a decedent, for the purpose of determining a surviving spouse's elective share, to include the property of any revocable trust of the decedent, without a deduction for taxes, and reduced as specified under current law. The bill would have established that instead of property left to the surviving spouse in accordance with the trust instrument governing a revocable trust of the decedent, the surviving spouse may elect to take a one-third share of the net estate if there is also a surviving issue, or a one-half share if there is no surviving issue.

Fiduciaries

Guardianship and Revocation of Advance Directives

At the direction of Governor Martin J. O'Malley, the Department of Health and Mental Hygiene convened the Continuity of Care Advisory Panel to explore ways to enhance continuity of care for individuals with serious mental illness. The advisory panel issued its final report on January 1, 2014. ***Senate Bill 90*/*House Bill 293* (both passed)** address two of the areas in which the advisory panel made recommendations: (1) short-term or temporary guardianship; and (2) revocation of an advance directive.

The bills authorize a court to appoint a guardian of the person of a disabled person for a limited period of time if it appears probable that the disability will end within one year of the appointment of the guardian. The bills also permit a declarant to elect, in an advance directive, to waive the right to revoke any part or all of the advance directive, including the appointment of an agent, during a period in which the declarant has been certified as being incapable of making an informed decision by the individual's attending physician and a second physician.

Attorney's Fees

An interested person may petition a court for the appointment of a guardian of the person of a disabled adult; however, no statutes or court rules address the recovery of necessary and reasonable attorney's fees incurred by an interested person in successfully petitioning for the appointment of a guardian of the person of a disabled person.

***House Bill 109* (passed)** authorizes a court, on the filing of a petition for attorney's fees made in reasonable detail by an interested person or an attorney employed by the interested person, to order payment of reasonable and necessary attorney's fees incurred in bringing a petition for appointment of a guardian of the person of a disabled person to be paid from the estate of the disabled person.

Before ordering the payment of attorney's fees, the court must consider the financial resources and needs of the disabled person and whether there was substantial justification for the filing of the petition for guardianship. If the court finds an absence of substantial justification for bringing the petition for guardianship, the court must deny the petition for attorney's fees. A court may not award attorney's fees if the petition for guardianship is brought by (1) a governmental agency paying benefits to the disabled person; (2) a local department of social services; or (3) an agency eligible to serve as the guardian of the disabled person.

A court is further authorized to require the deposit of an appropriate sum into the court registry or the appointed attorney's escrow account within 30 days after the order of appointment has been entered, subject to further court order. A court may not require the deposit of an appropriate sum into the court registry or the appointed attorney's escrow account if payment for the services of the court-appointed attorney for the alleged disabled person is the responsibility of (1) a governmental agency paying benefits to the disabled person; (2) a local department of social services; or (3) an agency eligible to serve as the guardian of the disabled person.

Maryland Fiduciary Access to Digital Assets Act

No State law governs a fiduciary's access to digital assets. ***Senate Bill 429*/*House Bill 531* (both failed)**, based on the Uniform Fiduciary Access to Digital Assets Act drafted by the Uniform Law Commissioners, would have vested fiduciaries with the authority to access, control, or copy digital assets and accounts. The bills would have enabled a fiduciary to "step into the shoes" of the account holder. When taking action concerning a digital asset, a fiduciary would have been bound by the same authorizations and limitations that bound the account holder before the incapacitation or death of the account holder. The bills would have defined a fiduciary as a personal representative, a guardian, an agent acting pursuant to a power of attorney, a trustee, or an adviser.

Estate Administration

Funeral Expenses

***House Bill 624* (passed)** increases the maximum allowance for funeral expenses that can be paid from all estates from $10,000 to $15,000. The bill also specifies that an allowance for funeral expenses by a court is not required if (1) the estate is solvent; (2) the estate is under modified administration; and (3) the personal representative includes funeral expenses on the final report required under modified administration.

Extension – Modified Administration

The initial time periods for filing a final report and making a distribution to each legatee and heir of an estate under modified administration are extended under current law on a consent signed by the personal representative and each interested person within 10 month from the date of appointment. A register of wills or a court may not extend the time periods established for modified administration. ***Senate Bill 418* (Ch. 30)** authorizes a register of wills to extend the time periods for filing a final report and distributing an estate for up to 90 days if (1) the time periods were previously extended by consent and (2) a request for an extension of time, signed by the personal representative and consented to by each interested person, is delivered to the register of wills before the date for filing a final report.

Donor Registration

***Senate Bill 415/House Bill 592* (both passed)** require the clerks of the circuit courts and the registers of wills to make available to the public information about registering with the State donor registry. For more information on these bills, see subpart "Transportation" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Part G
Transportation and Motor Vehicles

Transportation

Highway User Revenues

Distribution of Revenues

Since the early 1900s, the State has shared motor vehicle-related revenues with the counties and Baltimore City. Initially, these revenues consisted of vehicle registration fees. In 1927, when the gasoline tax increased from $0.02 to $0.04 cents per gallon, the State began sharing these taxes with local governments. In 1968, the General Assembly approved legislation that established a formula for apportioning among the counties and municipalities shares of these revenues, and also initiated the sharing of motor vehicle titling taxes with the subdivisions. Legislation enacted in 1970 created the Maryland Department of Transportation (MDOT) and a consolidated Transportation Trust Fund (TTF). As provided by that legislation, the State shares with the counties, Baltimore City, and the municipalities those revenues credited to the Gasoline and Motor Vehicle Revenue Account (GMRVA) in the TTF, including all or some portion of the motor vehicle fuel tax, the vehicle titling tax, vehicle registration fees, the short-term vehicle rental tax, and the State corporate income tax. These revenues, commonly known as "highway user revenues," 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 highway user revenues, the fiscal 2016 budget, in Supplemental Budget No.1, includes an additional $25 million for transportation grants for fiscal 2016 to be distributed as follows: $2 million for Baltimore City; $4 million for counties;

and $19 million for municipalities. The grants must be allocated to local governments using the same distribution system as for highway user revenues.

Several other bills relating to highway user revenues were introduced during the 2015 session, including ***Senate Bill 591*/*House Bill 484* (both failed), *Senate Bill 181* (failed),** and ***House Bill 837* (failed)**, each of which would have altered the distribution of highway user revenues to provide a greater share of the total revenues to local governments. Additionally, ***House Bill 899* (failed)** and ***House Bill 1003* (failed)** would have increased the local share of transportation funding by giving a portion of the tax revenues that are normally attributed to GMRVA directly to local governments.

Local Government Reporting Requirements

Chapter 638 of 2014 required Baltimore City and each county and municipality that receives local highway user revenues to submit an accounting report by January 1 of each year detailing (1) the actual local highway user expenditures incurred in the previous fiscal year; (2) the projected expenditures for the current fiscal year; and (3) for both the prior and current fiscal year, the local highway user revenues spent for specified uses.

***House Bill 913* (passed)** repeals a requirement that local jurisdictions submit those reports to the Governor and specified legislative committees, and instead requires local jurisdictions to submit the reports only to the State Highway Administration (SHA). SHA must then compile, summarize, and analyze the information and produce a single report that must be submitted by SHA to the Governor and specified legislative committees by February 1 of each year. Furthermore, the bill (1) requires SHA to provide an electronic copy of the form to be used for the accounting report by December 1 of each year; (2) specifies additional information that must be provided in the accounting report; and (3) prohibits the SHA from distributing highway user revenues to any local jurisdiction that has not submitted its required annual report.

Legislation Affecting Transportation Funding

***House Bill 72* (passed)**, the Budget Reconciliation and Financing Act (BRFA) of 2015, requires the Governor, when submitting proposed legislation that either reduces a tax or fee that otherwise would be credited to the TTF or increases transportation aid to local governments with funds from the TTF, to provide a detailed analysis of how the proposed legislation will affect the TTF or the funding of any project specified in the Consolidated Transportation Program, including any resulting alteration of the scope, design, or scheduling of a project.

Mass Transit

Status of Red and Purple Line Transportation Projects

The future of the Red and Purple Line projects was an issue that received significant attention at the start of the 2015 session. The Red Line is a proposed 14-mile, east-west light rail line that would run from Baltimore County's Woodlawn employment and commercial centers through downtown Baltimore City to the Johns Hopkins Bayview Medical Center Campus. It

would link to the north-south light rail, metro, and MARC trains. The Purple Line is a proposed 16-mile light rail line extending from Bethesda in Montgomery County to New Carrollton in Prince George's County. It would provide a direct connection to the Metrorail, MARC, Amtrak, and regional and local bus services. **Exhibit G-1** summarizes the project status of the Red Line and Purple Line.

Exhibit G-1
Red Line and Purple Line Project Status

	Red Line	Purple Line
Estimated Project Cost	$2.9 billion	$2.4 billion
Begin Major Construction	Calendar 2016	Calendar 2016
Operations Begin	Calendar 2022	Calendar 2020
Procurement Method	Conventional/P3	P3
Federal Funding Anticipated	$918.8 million	$923.6 million
Local Funding Anticipated	$290.0 million	$240.0 million

P3: Public-private Partnership

Source: Maryland Department of Transportation, 2015-2020 *Consolidated Transportation Program*

Although, according to MDOT, the Administration has not made a decision on whether to continue with construction of the Red Line and Purple Line, and the projects are under review by the Secretary of Transportation, funds were included for the projects in the fiscal 2016 budget. For more information on the funding of these projects, see Part A – Operating Budget of this *90 Day Report.*

Washington Metropolitan Area Transit Authority

The Washington Metropolitan Area Transit Authority (WMATA) operates the second largest rail transit system and the fifth largest bus network in the United States. WMATA was created in 1967 by an interstate compact in which Maryland, Virginia, and Washington, DC participate. Maryland's overall participation in the Washington metropolitan transit system consists of the provision of annual funding to WMATA for the capital and operating costs of the Metrorail, Metrobus, and MetroAccess systems. Funding for Maryland's portion of WMATA costs is the sole responsibility of the State.

***House Bill 300* (passed)** requires MDOT, in cooperation with WMATA, to conduct a study every five years of the utilization of bus, rail, and subway transportation services under the jurisdiction of WMATA. By December 1, 2015, and every five years thereafter, MDOT must submit a report detailing the results of the study to the Governor and specified legislative committees.

State Highway Administration

Bicycle and Pedestrian Priority Areas

The *Maryland Twenty Year Bicycle-Pedestrian Master Plan* includes goals and strategies for MDOT and SHA to improve access to transportation facilities in the State for pedestrians and bicycle riders, including identifying local bicycle and pedestrian priority areas (BPPAs) in consultation with local governments. ***Senate Bill 371* (Ch. 28)** requires SHA to make a determination on whether it should designate an existing local BPPA as a State BPPA if there is a State highway within the limits of the locally designated area. This decision must be made by September 30, 2016, if the local government notified SHA of its designation prior to September 30, 2015, or within one year if the local government notifies SHA of its designation after that date.

Signs on Scenic Byways

Numerous federal and State requirements impact how and where outdoor advertising may be placed along highways. In addition, many local zoning and sign ordinances dictate the size, illumination, and location of signs. Some local jurisdictions prohibit new off-premise outdoor advertising signs altogether. When SHA does issue permits, the requirements vary depending on whether the sign is for a business located on the property on which the sign will be placed (on-premise) or for businesses located elsewhere (off-premise).

***House Bill 286* (Ch. 83)** authorizes SHA, in conformance with federal law, to issue a permit for an outdoor sign along or near a scenic byway located on a federal-aid primary highway in Calvert and St. Mary's counties if the sign (1) was erected on or before January 1, 2008, or (2) is a directional sign for a facility that sells principally local agricultural or aquacultural products and is within a five-mile radius of the sign. Such a sign must be erected and maintained in a manner that is safe and does not detract from the scenic or cultural character of the scenic byway. SHA must develop a plan and appropriate policies to implement the Act by October 1, 2015.

Maryland Transportation Authority Finances

The BRFA of 2015 requires the Maryland Transportation Authority (MDTA), for fiscal 2016 through 2020, to maintain specified minimum operating and capital expenditure levels, cash balances, and debt service coverage levels, and prohibits MDTA from supplementing revenues in the Transportation Authority Fund (fund) with any funds from the TTF or transferred from any other source to the fund. The bill also lowers, for fiscal 2015 through 2020, the maximum allowable amount of MDTA's outstanding debt.

Dedication of Transportation Facilities

***Senate Bill 802*/*House Bill 466* (Chs. 52 and 53)** require MDOT to establish a process that allows a member of the General Assembly, another elected official, or any member of the general public to request that MDOT dedicate a bridge or other transportation structure to (1) a deceased

member of the U.S. Armed Forces whose surviving spouse, parent, or next of kin is a recipient of the U.S. Department of Defense Gold Star memorializing that the member was killed in action or (2) a firefighter, a law enforcement officer, or another emergency responder who died in the line of duty. For a more detailed discussion of this issue, see the subpart "State Agencies, Offices, and Officials" within Part C – State Government of this *90 Day Report*.

Motor Vehicles

Impaired Driving

The Maryland Highway Safety Office reports that, for the five-year period from 2009 through 2013, there were 1,792 motor vehicle occupant deaths in Maryland that did not involve pedestrians or motorcycles. Of this total, 594, or 33%, involved alcohol or drug impairment. ***House Bill 430* (passed)** increases by steps the administrative *per se* sanctions that must be imposed on a person who is stopped or detained on suspicion of committing an alcohol-related driving offense if test results indicate a blood alcohol concentration of 0.08 up to 0.15 or 0.15 or greater and the person was involved in a motor vehicle accident that resulted in the death of another person. Driving while under the influence of alcohol *per se* is defined as having an alcohol concentration, at the time of testing, of 0.08 or more as measured by grams of alcohol per 100 milliliters of blood or grams of alcohol per 210 liters of breath.

The bill expands the issues that may be considered on administrative appeal of an administrative *per se* sanction to include whether the person was involved in a motor vehicle accident that resulted in the death of another person. It also clarifies that, once a license suspension or revocation order becomes effective, the Motor Vehicle Administration (MVA) must suspend or revoke the license, as specified. MVA is authorized to issue a restrictive license to a person for an imposed license suspension period or reinstate a license that has been revoked under the bill for the purpose of participating in the Ignition Interlock System Program.

Exhibit G-2 compares existing administrative *per se* penalties to those administrative *per se* penalties proposed by the bill.

Exhibit G-2
Under *House Bill 430*
Comparison of Current Administrative *Per Se* Penalties to Increased Administrative *Per Se* Penalties

Test Result/Refusal	Current Administrative *Per Se* Penalties		Proposed Administrative *Per Se* Penalties if Death Results	
	Occurrence	Suspension	Occurrence	Sanction
BAC Test Result ≥ 0.08, but < 0.15	First	45 Days	First	Six-month Suspension
BAC Test Result ≥ 0.08, but < 0.15	Second/Subsequent	90 Days	Second/Subsequent	One-year Suspension
BAC Test Result ≥ 0.15	First	90 Days	First	One-year Suspension
BAC Test Result ≥ 0.15	Second/Subsequent	180 Days	Second/Subsequent	License Revocation
Test Refusal	First	120 Days	First	120 Days
Test Refusal	Second/Subsequent	One Year	Second/Subsequent	One-year Suspension

≥ means greater than or equal to

< means less than

Source: Department of Legislative Services

According to the latest information available from the National Conference of State Legislatures, at least 39 states require post-accident testing of drivers, passengers, or pedestrians and make those tests admissible in court proceedings. Most of these states require testing when there are reasonable grounds to suspect that one or more of those involved may have been under the influence of alcohol or impaired by alcohol or drugs.

Driver Licensing and Vehicle Registration

Historic Motor Vehicles and Street Rod Vehicles

All vehicles are required to display two registration plates, except Class D (motorcycle), Class F (tractor), and Class G (trailer) vehicles. In addition, MVA must issue only one temporary plate for vehicles with temporary registration. Historic and street rod vehicles must display two current registration plates. The requirement for two registration plates has been in effect in every year but 1952 and 1963, when steel shortages caused the State to use single registration plates. ***House Bill 524* (passed)** requires MVA to issue a single registration plate to Class L (historic) and Class N (street rod) vehicles that were manufactured at least 50 years before the current model year.

Disabled Plates and Placards

MVA may provide special disability registration plates or a temporary or permanent disability parking placard to the owner of a vehicle who submits satisfactory proof of specified medical conditions. A certified nurse practitioner or a licensed physician, physician assistant, chiropractor, optometrist, or podiatrist must certify that the vehicle owner has a cardiovascular, lung, ambulatory, visual, or other specified disability in accordance with the Maryland Vehicle Law. The relevant board that licenses physicians, physician assistants, chiropractors, optometrists, or podiatrists must maintain a database that allows MVA to verify licensure.

***House Bill 201* (Ch. 76)** authorizes a licensed physical therapist to certify that an individual has specified medical conditions that allow the individual to apply to MVA for the assignment of special disability registration plates or a temporary or permanent disability parking placard. The Act requires the State Board of Physical Therapists to maintain a database that MVA may use to verify licensure of a physical therapist.

Rental Vehicles

***House Bill 203* (Ch. 78)** makes permanent, effective June 1, 2015, the reduced certificate of title fee for rental vehicles, which is currently set at $50 through fiscal 2016, but which is scheduled to revert to $100 – the generally applicable certificate of title fee for vehicles – beginning in fiscal 2017.

State Donor Registry

Individuals in Maryland may choose to designate themselves as organ and tissue donors, generally by either registering directly on the website of the State donor registry or having a designation added to their driver's license or identification card. The designation is sufficient legal authority for the removal of a body organ or part on the death of the donor. Individuals may change their organ donor designations at any time. Once registered as an organ donor through MVA, a designation must be added to an individual's license or identification card.

***Senate Bill 415*/*House Bill 592* (both passed)** alter the procedures through which an individual doing business with MVA may register as an organ donor in the State donor registry. An individual may select to have a donor designation on the individual's driver's license or identification card, but MVA may not require this designation. In addition, MVA must notify the individual that removal from the State donor registry may be requested when doing business with MVA. The bills also require the clerks of the circuit courts and the registers of wills to make available to the public information about registering with the State donor registry.

Traffic Safety

Increase in Maximum Authorized Speed Limits

According to the Federal Highway Administration, the management of speed through appropriate limits is an essential element of highway safety. Speed limits should reflect the maximum reasonable and safe speed for normal conditions. If altered speed limits are desired, engineering modifications and other measures should be implemented to accommodate speeds at the new speed limit. **Exhibit G-3** shows the number of jurisdictions for each of several maximum allowable speed limits among the 50 states by the Insurance Institute for Highway Safety in January 2015.

Exhibit G-3
Number of Jurisdictions and Maximum Speed Limit

Maximum Speed Limit on a Highway (miles per hour)	Number of Jurisdictions
60	1
65	11
70	22
75	12
80	3
85	1

Source: Insurance Institute for Highway Safety

According to the Maryland Department of Transportation (MDOT), the eighty-fifth percentile speed is the speed at or below which 85% of motorists drive on a given road when

unaffected by slower traffic or poor weather. MDOT considers the use of the eighty-fifth percentile speed a good guideline for setting the appropriate speed limit for a road. MDOT has advised that research indicates that the posted speed limit has little effect on the speeds at which most motorists drive. Thus, raising the speed limit, if done in accordance with traffic and engineering studies and in consideration of the eighty-fifth percentile guidelines, is unlikely to increase the number of crashes on a road.

***Senate Bill 44*/*House Bill 194* (both passed)** increase the maximum authorized speed limit on a highway in the State from 65 miles per hour to 70 miles per hour.

Enforcement Matters

Race-based Traffic Stop Reporting

There are no statutory provisions governing the study of racial profiling in connection with any law enforcement practices, including traffic stops, in Maryland. Such provisions, reestablished in 2011 by Chapter 173, abrogated as of June 30, 2014. Law enforcement agencies, however, are required to adopt a policy against race-based traffic stops to be used as a management tool to promote nondiscriminatory law enforcement as well as in the training and counseling of officers. The policy must specifically prohibit using an individual's race or ethnicity as the sole reason to initiate a traffic stop.

***Senate Bill 413*/*House Bill 339* (both passed)** restore the data collection and reporting program related to race-based traffic stops for a five-year period. Each law enforcement agency in the State must collect specified data on all traffic stops. The bills take effect June 1, 2015, and terminate May 31, 2020.

The Police Training Commission (PTC), in consultation with the Maryland Statistical Analysis Center (MSAC), must develop a model policy against race-based traffic stops that a law enforcement agency can use in developing its own policy. In addition, the commission is required to develop a model format for the efficient recording of traffic stop data on an electronic device, or by any other means, for use by a law enforcement agency and guidelines that each law enforcement agency may use in data evaluation. Law enforcement officers must record specified information in connection with each traffic stop, including the driver's race and ethnicity, to evaluate the manner in which the vehicle laws are being enforced. Each law enforcement agency is required to compile the data collected by its officers and submit an annual report to MSAC by March 1 of each year reflecting the previous calendar year. The bills' provisions do not apply to a law enforcement agency that is subject to an agreement with the U.S. Department of Justice (DOJ) requiring similar data collection, but these agencies are required to provide copies of the reports made to DOJ.

MSAC is charged with analyzing the data based on a methodology developed in consultation with PTC. By September 1 of each year, MSAC must issue a report to the Governor and the General Assembly as well as to each law enforcement agency. Reports of noncompliance by law enforcement agencies are required to be made by PTC and MSAC to the Governor and the Legislative Policy Committee.

Unattended Motor Vehicles

A person driving or otherwise in charge of a motor vehicle generally may not leave it unattended until the engine is stopped, the ignition locked, the key removed, and the brake set. A motor vehicle engine also may not be allowed to operate for more than five consecutive minutes when the vehicle is not in motion, except (1) when a vehicle is forced to remain motionless because of traffic conditions or mechanical difficulties over which the operator has no control; (2) when it is necessary to operate heating and cooling or auxiliary equipment installed on the vehicle; (3) to bring the vehicle to the manufacturer's recommended operating temperature; or (4) when it is necessary to accomplish the intended use of the vehicle. ***House Bill 493* (passed)** establishes exemptions from the general prohibition on leaving a vehicle unattended while its engine is running, which allow a person to leave a motionless vehicle unattended for up to five minutes if the vehicle is locked and on private property not open to the public or if the vehicle was started using a remote keyless ignition system.

Motorcycles at Motor Vehicle Checkpoints

No provision of the Maryland Vehicle Law addresses safety checkpoints that target the general public or the authority of police to detain drivers based on whether or not the motor vehicle is a motorcycle. Nevertheless, it is a well-settled principle of constitutional law that police have the authority to set up roadblocks or checkpoints to enforce traffic laws and regulations, as long as the purpose of the checkpoints or roadblocks complies with the Fourth Amendment and Fourteenth Amendment guarantees against unreasonable search and seizure.

***House Bill 917* (passed)** prohibits a police officer from targeting *only* motorcycles for inspection and evaluation at a motor vehicle checkpoint. An exception to this prohibition is created, however, if the targeting of motorcycles is appropriate at a police checkpoint established as part of a police search or investigation. The bill also establishes that a person's duty to obey a lawful order or direction of a police officer may not be construed to authorize a police officer to target motorcycles for inspection and evaluation at a motor vehicle checkpoint, unless the checkpoint is part of a police search or investigation.

Commercial Vehicles

Troops to Trucks

The Maryland Vehicle Law generally prohibits the issuance of a commercial driver's license (CDL) until the individual has passed the knowledge and skills tests for driving a commercial motor vehicle that complies with the federal Commercial Motor Vehicle Safety Act of 1986. MVA, however, is required to adopt regulations to waive the skills test in a manner consistent with federal law.

Beginning January 1, 2013, MVA began waiving the skills tests for military service members who meet specified criteria and are trying to obtain a Maryland Class A or B CDL. The waiver may be granted to an applicant who (1) either is still on an active-duty status or was discharged within the previous 12 months and (2) holds or held a valid military operator's

permit/license and wants to obtain a Maryland CDL of the same class as the military operator's permit/license.

***Senate Bill 671*/*House Bill 846* (both passed)** require MVA to establish a program to assist veterans and members of the military who are transitioning out of military service in obtaining a CDL. As part of the program, MVA must waive the required skills test for those who meet the eligibility criteria established by MVA, consistent with federal law, and coordinate and consult with military bases, community colleges, the Maryland Motor Truck Association, and other appropriate parties to explore the feasibility of providing a CDL training course on military bases in the State.

Denial, Cancellation, Suspension, or Revocation of Registration

Maryland is one of only six states that do not fully participate in the Federal Motor Carrier Safety Administration (FMCSA) Performance and Registration Information Systems Management (PRISM) program, which was established as a pilot program in 1991 and as a requirement for states in 2005. The purpose of PRISM is to use a commercial motor vehicle's registration to compel compliance with highway and commercial carrier safety laws and otherwise assist in the enforcement of these laws.

MDOT recently applied to FMCSA for a $1 million grant to implement the changes needed to become fully compliant with the PRISM program, but the grant cannot be made until Maryland has enacted legislation authorizing MVA to deny, cancel, suspend, or revoke a commercial vehicle's registration. The $1 million grant would allow Maryland to make the hardware, software, programming, training, and other changes associated with full participation in the PRISM program.

***House Bill 1229* (passed)** authorizes MVA to deny, cancel, suspend, or revoke the registration of a commercial motor vehicle if (1) the carrier responsible for the safety of the vehicle is subject to an out-of-service (OOS) order or another federal operating authority sanction or (2) the federal Department of Transportation determines that the carrier has attempted or is attempting to operate under a new identity to avoid compliance with specified sanctions or being linked with a negative compliance history. A sanction under the bill must continue until the OOS order or federal sanction has been lifted and the carrier is allowed to resume operations.

Loading Devices

The Maryland Vehicle Law establishes several length limits for vehicles and vehicle combinations subject to various exceptions and allowances for specified types of loads and other devices connected to a vehicle. The length of a vehicle generally includes its front and rear bumpers and any part of its load that extends beyond the vehicle, but it excludes nonload-bearing safety and energy conservation devices, such as marker lamps, steps and handholds for entry and egress, front-mounted refrigeration units, and front-mounted air compressors.

Federal Highway Administration regulations exclude from the measured length of a commercial motor vehicle all nonproperty-carrying devices or their components that do not extend more than 24 inches beyond the rear of the vehicle and are needed for loading or unloading cargo.

***House Bill 233* (Ch. 80)** mirrors federal law by excluding from a measure of the length of a vehicle or combination of vehicles any devices and components that do not extend more than 24 inches beyond the rear of the vehicle and that are needed for loading or unloading cargo but are not used to carry property.

Manufacturers, Distributors, and Dealers

Sale of Electric or Nonfossil-fuel Burning Vehicles

Tesla, an electric car manufacturer, employs a direct sales approach that bypasses the traditional model for selling vehicles through franchised dealers. According to the National Conference of State Legislatures, Maryland is one of several states that have statutes generally prohibiting manufacturers from operating dealerships. Other states, such as New York and Ohio, have enacted laws to allow direct sales locations but only in a limited number of locations.

***House Bill 235* (passed)** authorizes the sale of electric vehicles directly to retail buyers by manufacturers or distributors that obtain a Maryland dealer license. The bill authorizes a vehicle manufacturer or distributor to be licensed as a dealer if (1) the manufacturer or distributor deals only in electric or nonfossil-fuel burning vehicles; (2) no other dealer holds a franchise from the manufacturer or distributor; and (3) there is no cross-ownership between manufacturers or distributors licensed as dealers in the State. The bill allows for the issuance of four dealer licenses for manufacturers or distributors.

Financing or Leasing Agreements of Motor Vehicle Dealers

MVA regulations specify that a temporary registration plate may only be issued by a dealer to a buyer in a bona fide sale. Longstanding MVA guidance issued to licensed vehicle dealers clarifies that the term "bona fide sale" contained in MVA regulations prohibits the issuance of temporary plates for a vehicle that is sold before all financial arrangements and other prerequisite conditions have been met. This guidance was designed to prevent potentially abusive sales practices following the "spot delivery" of a vehicle for which a customer takes delivery before all financial arrangements have been consummated, thus allowing a dealer to potentially request that the customer return with the vehicle at a later date to renegotiate financing if the original terms fall through.

***Senate Bill 298*/*House Bill 313* (both passed)** require a motor vehicle dealer that sells or leases a vehicle before the approval of dealer-arranged financing to provide notice of the rights and duties of the dealer and buyer or lessee, a signed copy of which must be provided before delivery of the vehicle. The dealer is required to provide notice in writing of the disapproval of any financing within four days of vehicle delivery. The buyer or lessee must then return the vehicle within two days of receipt of the written notice, after which the vehicle is subject to repossession.

The bills do not prohibit a renegotiation of financing or leasing terms on return of the vehicle, but specifically authorize the dealer, or buyer or lessee, to cancel the transaction. On cancellation, the dealer must return any trade-in vehicle in the same condition as it was received, down payment, titling fee, excise tax paid, and dealer processing charge, and any other fee, tax, or

charge associated with the transaction, and the dealer is prohibited from charging any fee for the use of the vehicle. The bills also require the dealer to maintain required security for a vehicle until the terms of a financing or lease agreement are approved. A buyer or lessee may not waive these rights. A violation of the bills is an unfair and deceptive trade practice under the Maryland Consumer Protection Act, subject to that Act's civil and criminal penalty provisions.

Mechanical Repair Contracts

Generally, a mechanical repair contract is defined as any agreement or contract sold by (a licensed vehicle dealer) under which a provider agrees to perform, over a fixed period, for a specific duration, and for an identifiable price, any services relating to the maintenance or repair but not replacement of a motor vehicle, provided that the purchase of the contract is optional to the purchaser.

The Maryland Vehicle Law establishes several requirements governing mechanical repair contracts. Among other things, a mechanical repair contract must only be offered in addition to any express warranty originally included as part of the contract for sale of a new motor vehicle. A provider of services under a mechanical repair contract must maintain adequate insurance reserves, as defined by the Insurance Commissioner, for each contract for the protection of the purchasing consumer. The provisions of the Maryland Consumer Products Guaranty Act also apply to a mechanical repair contract sold by a licensed vehicle dealer.

***House Bill 630* (passed)** alters the definition of a "mechanical repair contract" to include an agreement or contract sold by an obligor under which the obligor agrees to perform any of several services enumerated in the bill, which generally pertain to the repair, replacement, or maintenance of a vehicle, including, among other things, towing, rental and emergency road service, and road hazard protection.

The bill requires the obligor specified in a mechanical repair contract to annually register with the Insurance Commissioner, providing specified registration information and a $25 annual fee and to file each mechanical repair contract along with evidence that the obligor maintains adequate insurance reserves with the Insurance Commissioner. Except as otherwise specified, a mechanical repair contract filed with the Insurance Commissioner is not subject to Commissioner approval, but the Commissioner may investigate and determine whether a mechanical repair contract is in compliance under specified circumstances. Pending a hearing, the Commissioner may issue an order that suspends use of a mechanical repair contract for specified reasons. The bill prohibits a person that sells a mechanical repair contract from making specified false, deceptive, or misleading statements, either directly or indirectly. The Insurance Commissioner is authorized to deny registration to an applicant or refuse to renew or to suspend or revoke a registration for committing specified violations and may impose a civil penalty of at least $100 and up to $1,000 for each violation. The Insurance Commissioner is authorized to pursue action against an unregistered person that offers a mechanical repair contract for a misdemeanor penalty of up to $1,000, up to one year imprisonment, or the payment of restitution.

The obligor of a mechanical repair contract executed on or before October 1, 2015, is required to register with the Insurance Commissioner within 90 days of the date that the

registration application is made available. A person that is not engaging in mechanical repair contract transactions on October 1, 2015, is required to register with the Commissioner before offering a mechanical repair contract.

Miscellaneous

Payment of Tolls and Related Fees

Since 1971, the Maryland Transportation Authority (MDTA) has been responsible for constructing, managing, operating, and improving the State's toll facilities and for financing new revenue-producing transportation projects. MDTA has the authority to set tolls on transportation facilities projects under its supervision.

MDTA transportation facilities projects include:

- bridges, tunnels, and toll highways (*e.g.*, Susquehanna River Bridge; Harry W. Nice Memorial Potomac River Bridge; William Preston Lane, Jr. Memorial Chesapeake Bay Bridge and parallel Chesapeake Bay Bridge; Baltimore Harbor Tunnel; Fort McHenry Tunnel; Francis Scott Key Bridge; and John F. Kennedy Memorial Highway);
- vehicle parking facilities located in priority funding areas;
- other projects that MDTA authorizes for acquisition or construction; and
- any authorized additions or improvements to MDTA projects.

Chapter 113 of 2013 established video tolling at MDTA facilities. A motor vehicle incurs a video toll when the vehicle passes through a toll facility but does not pay the toll using cash or an E-ZPass. MDTA is required to send the registered owner of a motor vehicle that has incurred a video toll a notice of toll due. The owner then has 30 days to pay the toll amount. Generally, an owner who fails to pay the amount due by the date specified on the notice is subject to a civil citation and civil penalty. MDTA has advised that it has no authority to settle any portion of a debt owed for toll violations, but it believes there are times when well-considered and measured waivers would allow MDTA to improve customer service and reduce costs in the pursuit of debts owed.

***House Bill 1241* (Ch. 122)** authorizes MDTA to waive any portion of a video toll due or civil penalty assessed for a toll violation until MDTA refers the debt to the Central Collection Unit. The bill also establishes that a civil citation may not be assessed against a person who does not pay a video toll under a notice of toll due until 15 days after the toll violation occurs (a toll violation occurs 30 days after a notice of toll due is issued if a person does not pay the video toll by that date).

Access to Farms by All-terrain Vehicles

The Maryland Vehicle Law allows a local jurisdiction, in the reasonable exercise of its police powers, to permit, restrict, or otherwise govern specified activities on local highways, including allowing a snowmobile in Garrett County to cross a local highway at a right angle to gain access to a snowmobile trail and allowing a golf cart in Allegany County to cross a local highway to access any portion of a golf course.

***House Bill 812* (passed)** authorizes a local jurisdiction to allow a person to cross a local highway on an all-terrain vehicle at a right angle to access a farm or move from one part of a farm to another part of the same farm.

Part H
Business and Economic Issues

Business Occupations

Licensing Requirements

New Barber-stylist Limited License

Chapter 412 of 2013 carved out a limited license for hairstylists within the scope of practice for cosmetologists licensed by the State Board of Cosmetologists. Similarly, ***House Bill 587 (passed)*** carves out a portion of the scope of practice for barbers licensed by the State Board of Barbers to create a barber-stylist limited license. The limited scope of practice and commensurate education and experience requirements enable more Marylanders to enter the barbering industry sooner than they otherwise would after beginning down the path to licensure. Specifically, an applicant for a barber-stylist limited license needs to complete either 900 hours of training in a barber school or, within an 18-month period, 1,650 hours of training as an apprentice in a barbershop. The applicant also needs to pass an examination, unless the board waives the requirement. In contrast, under current law, an applicant for a barber license must obtain either 1,200 hours of training in a barber school or, within a two-year period, 2,250 hours of training as an apprentice in a barbershop, and must pass an examination unless waived from the requirement. A barber seeking to become a master barber must have at least 15 months of experience as a barber and must pass an examination, unless the board waives the requirement.

A barber-stylist may provide, for compensation, the following services: cutting, razor cutting, or styling the hair; shaving or trimming the beard; massaging the face; and performing any similar procedure on the hair, beard, or face of the individual. Unlike a barber or master barber, a barber-stylist may not use chemicals (to relax, body wave, or color hair) or work with a hairpiece (design, fit, or cut the hairpiece). Unlike a master barber, a barber-stylist may not supervise an apprentice. Subject to specified exceptions in current law, a person may not provide barber-stylist services in any place other than a beauty salon or barbershop that holds an applicable permit.

Private Detective Agency License Term Lengthened

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. A private detective agency license may be held by an individual or a firm; such a license allows an agency to conduct business (providing private detective services) for compensation, maintain an office for that business, employ individuals as private detectives, and represent itself to the public as a private detective agency. Private detective services include, but are not limited to, conducting investigations, securing evidence for use before any investigating committee or board of arbitration, providing nonuniformed personal protection, and locating or apprehending fugitives. ***Senate Bill 328*/*House Bill 479* (both passed)** increase the term of a license for an agency to provide private detective services from two to three years but retain existing agency license fees for individuals and firms.

Enforcement Authority

Standardization of Firm Permits for Three Design Boards

Five design boards regulate design professionals: the State Board of Architects, the State Board of Examiners of Landscape Architects, the State Board for Professional Engineers, the State Board for Professional Land Surveyors, and the State Board of Certified Interior Designers. Under Chapter 613 of 2013, beginning on October 1, 2015, a corporation, partnership, or limited liability corporation (LLC) must hold a permit issued by the State Board for Professional Engineers before the firm may operate a business through which engineering is practiced, except for specified circumstances relating to the provision of engineering services for itself or affiliated firms. A corporation, partnership, or LLC must submit specified forms, an application fee, and additional information to the board and designate a person as a "managing agent." The board is also authorized to take specified enforcement actions against firms that violate permit-related requirements.

Although three of the other design boards – State Board of Architects, the State Board of Examiners of Landscape Architects, and the State Board for Professional Land Surveyors – are authorized to issue firm permits to regulate businesses through which professionals provide services, they lack the authority to take enforcement action against firms that violate permit-related requirements. ***House Bill 720* (passed)** authorizes those design boards, subject to hearing and notification requirements, to deny a permit to any applicant, reprimand a permit holder, or suspend or revoke a permit if (1) the applicant or permit holder fraudulently or deceptively obtains or attempts to obtain a permit or (2) the permit holder fraudulently or deceptively uses a permit. The bill also authorizes the boards to impose penalties of up to $5,000 for each (1) violation for which a denial, reprimand, suspension, or revocation was imposed under the bill and (2) failure to meet or continue to meet specified qualifications or requirements. Each board must determine the penalty based on the seriousness and harm caused by the violation, the good faith of the permit holder or the applicant, and any history of previous violations by the permit holder or applicant.

The bill also requires firms that provide these design services to appoint an appropriately licensed design professional who will be responsible for matters related to the practice of that particular discipline within the firm. An LLC must hold a permit to operate a business through which landscape architecture is practiced; LLCs that practice architecture or land surveying and property line surveying must already hold a permit.

Criminal and Civil Penalties for Individual Tax Preparers

Chapter 623 of 2008 established the State Board of Individual Tax Preparers and required individuals to register with the board before providing individual tax preparation services in the State. Although approximately 4,200 individuals are registered with the board, the board has become aware of numerous persons who are completing tax returns without first registering with the board. For example, recent news coverage discussed an unregistered person who completed tax returns for Baltimore City firefighters and State employees, included fraudulent and incorrect statements in the returns, and indicated that the returns had been "self-prepared." The consumers received large refunds but subsequently received notices that they owed thousands in back taxes to the State. Under current law, the board is unable to take action against an unregistered person. Instead, the Consumer Protection Division of the Office of the Attorney General may take action under the Maryland Consumer Protection Act for unregistered practice.

In terms of enforcement authority over registered individuals, the board may deny registration, reprimand the individual, or suspend or revoke a registration if the individual (1) fraudulently obtains or uses a registration; (2) is convicted of a felony or misdemeanor that is directly related to the fitness and qualification of the individual to provide tax preparation services; (3) is guilty of professional negligence, incompetence, or misconduct; or (4) violates the Maryland Individual Tax Preparers Act or associated regulations. In addition to taking disciplinary action, the board may impose a penalty on one of these individuals of up to $5,000 for each violation of the Act, with penalties to be used for enforcement purposes.

***House Bill 871* (passed)** establishes civil and criminal penalties for violations of the Maryland Individual Tax Preparers Act by any person (registered or unregistered) and specifies the manner in which the board retains jurisdiction over a registrant during disciplinary proceedings. Specifically, the bill authorizes the board to impose a civil penalty of up to $5,000 against any person for violations of the Maryland Individual Tax Preparer Act and requires the board to consider various factors when determining the amount of the penalty (*e.g.*, seriousness of the violation, harm caused by the violation, good faith of the violator, history of previous violations, and any other relevant factors). If a person has previously been assessed a civil penalty, the bill also authorizes the board to pursue a criminal penalty in which a person who is found to violate the Maryland Individual Tax Preparer Act is guilty of a misdemeanor and subject to a maximum penalty of a $500 fine, six months imprisonment, or both.

Real Estate Professionals

Real Estate Brokers and Real Estate Salespersons

***Continuing Education*:** Generally, each individual licensed by the State Real Estate Commission as an associate real estate broker, real estate broker, or real estate salesperson must complete 15 clock hours of continuing education every two years in order to qualify for license renewal. However, a licensee who possesses a graduate degree in either law or real estate from an accredited institution and is not designated as a branch office manager or team leader only has to complete 7.5 clock hours every two years. Licenses must be renewed every two years. A licensee who is required to complete 15 hours per renewal must complete specified courses either every license term, or every other license term. For example, every four years, a licensee must complete a 3-clock-hour course in the principles of agency and agency disclosure and a broker or licensee designated as a branch office manager or team leader must complete a 3-clock-hour course on broker supervision.

According to the Maryland Association of Realtors, the State Real Estate Commission has received a high volume of complaints regarding agency and broker supervision issues for real estate brokers and salespersons. ***House Bill 1056* (Ch. 115)** requires those courses to be taken every licensing cycle, instead of every other licensing cycle, to help reduce the number of complaints and disciplinary actions. The Act also standardizes the 15-hour requirement across all licensees by repealing a provision that allowed lawyers and individuals with graduate degrees in real estate (who do not serve as branch office managers or team leaders) to meet a lower continuing education requirement of 7.5 hours per licensing cycle.

Payment of Commissions: Licensed associate real estate brokers and licensed real estate salespersons may only form and remit compensation to professional service corporations and limited liability companies, with the consent of a licensed real estate broker. As the industry has grown and transitioned toward teams and groups of realtors, the law has not changed to give licensees more flexibility in organizing in the manner that makes the most sense for them. ***House Bill 1028* (Ch. 113)** authorizes licensed associate real estate brokers and licensed real estate salespersons who are affiliated with a licensed real estate broker to form any business entity authorized under Maryland law – for example, partnerships and corporations – with the consent of the licensed real estate broker. The Act also authorizes the business entity to receive compensation for the provision of real estate brokerage services from a licensed real estate broker, licensed real estate salesperson, or licensed associate real estate broker.

Real Estate Appraisers – Reciprocal Licensing and Certification Requirements

Chapter 594 of 1990 established what is now the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors (formerly the State Commission of Real Estate Appraisers) to implement and administer a real estate appraiser licensing and certification program that complies with Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. The commission's policies and practices must comply with FIRREA and policy statements of the Appraisal Subcommittee (ASC)

of the federal Financial Institutions Examination Council. Continued certification of Maryland's appraiser credentialing program by ASC could be jeopardized by a failure to adopt legislation to comply with the requirements.

A recent change in federal standards for reciprocal licensing and certification between states required a conforming change in State law. Specifically, prior to the enactment of ***House Bill 1227 (Ch. 121)***, the commission was only authorized to waive an examination requirement if (1) the applicant provided adequate evidence that the applicant met the qualifications otherwise required by Maryland law; (2) the applicant held an active license or certificate in good standing in the other state; (3) the other state waived the examination requirement for Maryland licensees; and (4) the individual paid an application fee and became licensed or certified in the other state after meeting substantially equivalent (or more stringent) requirements.

Effective July 1, 2015, ***Chapter 121*** alters the conditions under which the commission may waive examination requirements for applicants licensed or certified by another state.

Chapter 121 authorizes the commission to waive an examination requirement for an individual who is licensed or certified as an appraiser in another state if (1) the other state is in compliance with FIRREA, as determined by ASC; (2) the applicant holds a valid license or certificate issued in the other state; and (3) the applicant pays an application fee and became licensed or certified in the other state after meeting requirements that are substantially equivalent to or exceed the requirements under State law.

Miscellaneous

Pilotage No Longer Required for Certain Vessels

Prior to the enactment of ***Senate Bill 215 (Ch. 19)***, an emergency measure which is already in effect, State law required American vessels engaged in foreign trade and foreign vessels – even those that were relatively smaller and used for pleasure – to be piloted by a licensed bay pilot when navigating State waterways. The requirement added to the expense of a visit to the State and potentially deterred some visitors from stopping at Maryland ports as they travelled along the East Coast. According to the Department of Labor, Licensing, and Regulation, the State Board of Pilots had imposed a "rule" that essentially exempted vessels under 100 feet from the pilotage requirement.

Chapter 19 updates the law to better reflect the board's application of the pilotage requirement by exempting a "recreational vessel" from having to employ a licensed bay pilot to pilot the vessel on the navigable waters of the State if the vessel (1) is both less than 200 feet in overall length and has less than a 12-foot draft; (2) except for pleasure use charters, is not engaged in a commercial service; (3) is not carrying a passenger for hire; and (4) possesses a cruising license.

Professional Standards for Certified Public Accountants

The Maryland Association of Certified Public Accountants (MACPA), in consultation with the State Board of Public Accountancy, supported legislation during the 2015 session that updates State law to reflect changes in professional standards for certified public accountants. MACPA indicated that some individuals without the same credentials, experience, and regulatory oversight as certified public accountants are providing "attest" services based on professional standards for certified public accountants. ***House Bill 878* (Ch. 110)** alters the statutory definitions of "attest" and "practice certified public accountancy." The change to the definition of "attest" conforms State law to the Uniform Accountancy Act, which is issued by the American Institute of Certified Public Accountants and the National Association of State Boards of Public Accountancy. The change to the definition of "practice certified public accountancy" ensures that, when an individual conducts an examination, review, or agreed-upon procedures engagement in accordance with those standards, the actions are within the scope of practice of a certified public accountant.

Business Regulation

Cemeteries, Crematories, and Funeral Establishments

Preneed Burial Contracts – Reporting Requirement

The Office of Cemetery Oversight under the Department of Labor, Licensing, and Regulation (DLLR) regulates two types of trust funds related to cemetery services: perpetual care trust funds and preneed trust accounts. Generally, sellers of perpetual care and preneed services must place in trust a portion of the cost or sale price of the goods or services shortly after the time of sale. "Perpetual care" means the maintenance – including the cutting of grass abutting memorials or monuments – as well as the administration, supervision, and embellishment of a cemetery and its grounds, roads, and paths. Additionally, it includes the repair and renewal of buildings, including columbaria and mausoleums, and the property of the cemetery. "Preneed services" means services that are sold before the buyer's death and in connection with a burial and includes opening and closing a grave. A similar reporting requirement exists for both perpetual care trust funds and preneed trust accounts, such that persons subject to the trust requirements must submit a report to the Director of Cemetery Oversight within 120 days of the close of each calendar or other fiscal year.

***Senate Bill 148* (Ch. 17)** extends – from 120 to 150 days – the timeframe within which a seller of *preneed burial contracts* must submit a report to the Director of Cemetery Oversight after the close of each calendar or other fiscal year. The reporting requirement for perpetual care trust funds remains 120 days.

Unclaimed Cremains of Veterans – Identification and Disposition

Thousands of cremations are performed in Maryland each year. The regulation of crematories in the State is shared between the Office of Cemetery Oversight in DLLR and the State Board of Morticians and Funeral Directors in the Department of Health and Mental Hygiene. The

State Anatomy Board advises that there are approximately 1,000 unclaimed human cremation remains ("cremains") in the possession of funeral homes or crematories in the State (the majority are in funeral homes). The percentage of the cremains that are veterans or their eligible dependents is unknown at this time. A nonprofit organization called the Missing in America Project works to locate, identify, and inter the unclaimed cremains of American veterans. The organization works with volunteer service and veterans organizations, local funeral homes, state funeral commissions/boards, state and national veterans agencies, and state and national veterans cemetery administrations.

The organization has visited approximately 1,700 funeral homes and found 10,589 unclaimed cremains, of which 2,514 were veterans. Most (2,298) have since been interred.

***Senate Bill 433* (passed)** (also discussed under subpart "Health Occupations" within Part J – Health and Human Services of this *90 Day Report*) establishes a process for identifying whether unclaimed cremains are those of a veteran or an eligible dependent who qualifies to be buried in a veterans cemetery. A licensed funeral establishment or a holder of a permit to engage in the business of operating a crematory (crematory) that is in possession of cremains that have been unclaimed for 90 days or more must provide identifying information to a veterans service organization to enable the organization to determine whether the cremains belong to a veteran or an eligible dependent. Within 45 days after receipt of the information, the veterans' service organization must notify the licensed funeral establishment or crematory whether the cremains are those of a veteran or eligible dependent and, if so, whether the veteran or eligible dependent is eligible to be buried in a veterans' cemetery. A licensed funeral establishment or crematory may transfer the cremains of a veteran or eligible dependent who is eligible to be buried in a veterans' cemetery to the veterans' service organization for the purpose of disposition.

A licensed funeral establishment or crematory who acts in good faith is not civilly liable for transferring the unclaimed cremated remains of a veteran or an eligible dependent of a veteran to a veterans' service organization for the purpose of disposition. A veterans' service organization that acts in good faith is not civilly liable for receiving the unclaimed cremated remains of a veteran or an eligible dependent of a veteran for the purpose of disposition.

For a more detailed discussion of legislation affecting veterans, see the subpart "State Agencies, Offices, and Officials" within Part C – State Government of this *90 Day Report*.

Enforcement and Remedies

Claims Against the Maryland Home Improvement Guaranty Fund

The laws governing the Maryland Home Improvement Commission and the Maryland Home Builder Registration Unit reflect similar standards, given the similarities between home improvement and home construction. In 2000, when the Maryland General Assembly established the unit, the commission's laws served as the general model. Over time, as the home improvement law has changed, aspects of the home builder law have also changed to keep the statutes relatively aligned. Chapter 211 of 2014 increased the maximum claim amount against the Home Improvement Guaranty Fund – from $5,000 to $7,500 – for which the Maryland Home

Improvement Commission may issue a proposed order. The Act also increased the length of time – from 30 to 60 days – that a contractor has to reimburse the fund for claims paid by the fund on the contractor's behalf before the commission may sue the contractor in court for the unreimbursed amount.

Similarly, ***House Bill 154*** ***(passed)*** increases the maximum claim amount against the Home Builder Guaranty Fund – from $5,000 to $7,500 – for which the Office of the Attorney General's Consumer Protection Division, after review and/or investigation, may issue a proposed order to pay all or part of a claim or deny a claim. The bill also increases the length of time – from 30 to 60 days – that a person registered to build new homes has to reimburse the fund for claims paid by the fund on the registrant's behalf before the division may sue the registrant in court for the unreimbursed amount.

Cease and Desist Authority – State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors

The State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors (HVACR) licenses individuals who offer HVACR services to protect the public, maintain efficient and safe systems, and promote high professional standards in the industry. If the board concludes that any conduct alleged to be in violation of the Maryland HVACR Act will result in harm to any citizen of the State, the board may seek a permanent or temporary injunction with respect to the conduct from the circuit court of any county in which the alleged violation occurs, or in which the violator has its principal place of business. The board may also take specified disciplinary actions and impose civil penalties for specified violations of the law. In addition, five violations of the Maryland HVACR Act are misdemeanors.

Senate Bill 864 ***(passed)*** authorizes the board, subject to specified notification and hearing provisions, to issue a cease and desist order for a violation of any provision of the Maryland HVACR Act or any regulation adopted under the Act. Specifically, after a hearing, if the board finds that a person has violated the Act or regulations adopted under the Act, the board may order the person to cease and desist from the violation and any further similar violations. A party aggrieved by a decision and order of the board under the bill may appeal as provided for in State law. Only one other board within the Division of Occupational and Professional Licensing at DLLR – the Office of Cemetery Oversight – is similarly authorized to issue cease and desist orders.

Miscellaneous

Gaming Licenses

Free-play Pinball Machines in Montgomery County: A free-play pinball machine is a machine that releases one or more balls for play with the insertion of one or more coins or tokens and that awards free games when a player reaches a certain score. In Baltimore City and Baltimore, Caroline, Dorchester, Harford, Kent, Montgomery, Queen Anne's, and Talbot counties, a person may not keep a free-play pinball machine for public use without a pinball machine license. Chapter 741 of 1963 made it illegal, in Montgomery County, to keep more than two free-play pinball machines that are not in locked storage and are available for public use from being kept on

the same floor of a building. ***House Bill 82 (Ch. 60)*** repeals that provision of law; thus, a licensee in Montgomery County may keep more than two free-play pinball machines on the same floor of a building, regardless of whether they are in locked storage and/or available for public use.

Racetrack Employees – Citizenship and Residency Requirements: At least 85% of the individuals employed each day by a racetrack (licensed by the State Racing Commission) must be citizens of the United States who have maintained a permanent place of residence in the State for at least the two years immediately before being employed. Prior to the start of employment, each individual must submit to the licensee an affidavit that sets forth these qualifications. The licensee may rely on the affidavit as valid. ***House Bill 1160 (passed)*** repeals the requirement that at least 85% of a horse racing licensee's employees be U.S. citizens who have also been State residents for at least two years.

For a more detailed discussion of gaming legislation, see the subpart "Horse Racing and Gaming" within this part of this *90 Day Report*.

Charitable Organizations – Change in Workgroup Reporting Requirements

Chapter 654 of 2014 generally authorized the Attorney General to investigate and enforce laws relating to charitable organizations and charitable representatives in the same manner as the Secretary of State. Chapter 654 also required, by July 1, 2014, the Secretary of State and the Attorney General, or their designees, to jointly convene and co-chair a workgroup to study (1) the information that should be reported to the Secretary of State by charitable organizations, charitable representatives, and fundraising counsel and (2) how that information can be most effectively and efficiently collected without imposing an unnecessary burden on those subject to reporting as well as how that information should be shared. The Secretary of State and the Attorney General are required to submit an interim report on the workgroup study, including any findings and recommendations, to the Governor and the General Assembly by December 1, 2014, and must submit a final report by July 1, 2015. The interim report was submitted on December 1, 2014, and details the workgroup's progress in studying the information required in the final report.

House Bill 150 (Ch. 73) extends the date by which the Secretary of State and the Attorney General must submit a final report from the workgroup (established to examine reporting requirements by charitable organizations) to the Governor and the General Assembly from July 1, 2015, to December 1, 2016. In addition, the Act requires a second interim report by December 1, 2015.

Public Service Companies

Transportation

Uber Technologies, Inc., and other similar companies, such as Lyft and Sidecar, have upended the for-hire transportation business model over the past several years. These companies provide smart phone applications that use a smart phone's Global Positioning System to connect people who desire transportation services with nearby providers of transportation services in the

company's network. Vehicle options offered across the current providers range from personal cars to taxis to sport utility vehicles. From its 2009 start in San Francisco, California, Uber has expanded to more than 200 cities worldwide by the end of 2014, and Lyft followed a similar expansion pattern in the United States. Uber and Lyft both began operating in Maryland in 2013.

For the second consecutive year, the General Assembly considered legislation to address the various issues that have arisen related to the regulation of this type of business. ***Senate Bill 868 (passed)*** establishes a regulatory framework for "transportation network services" that encompasses "transportation network companies" and "transportation network operators," including licensing, criminal history records checks, and insurance requirements, among others. The Public Service Commission (PSC) must adopt various regulations to implement the framework.

To the extent not otherwise covered under the new framework, transportation network companies, operators, and services are subject to (1) any applicable provisions in Titles 9 or 10 of the Public Utilities Article, which govern common carriers and for-hire driving services, and (2) regulations PSC adopts for the regulation of transportation network services.

Transportation Network Companies, Operators, and Services

Transportation network company means a company that has been issued a permit by PSC and operates in the State using a digital network to connect passengers to transportation network operators or transportation network partners for transportation network services. Transportation network companies are considered common carriers.

Transportation network operator means an individual who:

- has been issued a transportation network operator's license or is otherwise authorized by PSC to provide transportation network services;
- receives, through a transportation network company's digital network application, a connection to a potential passenger to transport the passenger between points chosen by the passenger in exchange for the payment of a fee to the transportation network company; and
- uses a motor vehicle that is owned, leased, or otherwise authorized for use by the individual and is approved for use in providing transportation network services by PSC.

Transportation network services means the activities of an operator during:

- *transportation network coverage period one*, during which the operator is logged onto and ready to accept a prearranged ride request made through a transportation network company's digital network application;

- *transportation network coverage period two*, during which the operator accepts a ride request from a passenger that is prearranged through a transportation network company's digital network application and is traveling to a predetermined location to pick up the passenger; and

- *transportation network coverage period three*, during which the operator transports the passenger and continuing until the passenger departs the motor vehicle.

It does not include providing taxicab services, sedan services, or limousine services.

Licensing

A transportation network operator's license is established as a new type of license issued by PSC, subject to specified conditions. Generally, a transportation network operator may not provide transportation network services unless PSC has authorized the operator to operate on a provisional basis or has issued to the operator a valid temporary or permanent transportation network operator's license to provide transportation network services. PSC may approve an applicant to be an operator and issue a temporary transportation network operator's license to the applicant if:

- the applicant provides all information that PSC requires for the application; and

- PSC is satisfied with the successful submission of the applicant's (1) national criminal history records check (which does *not* require an applicant to submit fingerprints), including searches of specified databases and (2) driving record check.

PSC may issue a permanent transportation network operator's license to an applicant on the submission of a satisfactory supplemental criminal background check as specified in law. This is the background check process in place for applicants for a for-hire driver's license and requires an applicant to submit fingerprints. However, PSC may not require an applicant to comply with this provision before April 1, 2016, if certain conditions are met. A transportation network company may request a waiver of the supplemental criminal background check requirement for approval by PSC, subject to certain conditions.

The bill alters the for-hire driver's license application process for sedans and limousines to be substantially similar to the process established for transportation network operator licenses, including the authorization of alternative forms of criminal history records checks, the issuance of temporary licenses, and the issuance of permanent licenses under specified conditions. For taxicabs, the applicant must submit a satisfactory supplemental criminal background check within 30 days of the issuance of a temporary license.

Insurance

Transportation Network Services: A transportation network operator, a transportation network company on behalf of the transportation network operator, or a combination of both must maintain primary motor vehicle insurance that recognizes that the individual is a transportation

network operator or otherwise uses a motor vehicle to transport passengers for hire and covers the operator while the operator is providing transportation network services. While an operator is providing transportation network services, the insurance must provide security of at least:

- for the payment of claims for bodily injury or death arising from an accident, up to $50,000 for any one person and up to $100,000 for any two or more persons, in addition to interest and costs; and

- for the payment of claims for property of others damaged or destroyed in an accident, up to $25,000, in addition to interest and costs.

The insurance must also provide uninsured motorist coverage and personal injury protection coverage as required under current law. The required insurance is deemed to satisfy the financial responsibility requirement for a motor vehicle as specified in current law and may be satisfied by motor vehicle insurance maintained by a transportation network operator, a transportation network company, or both.

The required insurance must be issued by (1) an insurer authorized to do business in the State or (2) an eligible surplus lines insurer, solely with respect to insurance maintained by a transportation network company, subject to specified requirements.

Exclusions and Limitations: An authorized insurer that writes motor vehicle liability insurance in the State may exclude any and all coverage and the duty to defend afforded under an owner's or operator's personal motor vehicle insurance policy for any loss or injury that occurs while the vehicle operator is providing transportation network services. This applies to any coverage included in a motor vehicle liability insurance policy.

The insurance requirements specified in the bill may not be construed to require a personal motor vehicle insurance policy to provide primary or excess coverage. The bill's insurance requirements also do not imply or require that a personal motor vehicle insurance policy provide coverage while the vehicle operator is providing transportation network services. Additional exclusions and limitations are also specified, which generally provide that existing insurance policies and coverages are not affected by the bill.

In-state Coverage: It is the intent of the General Assembly that (1) the insurance coverages for transportation network companies and transportation network operators required under the bill be provided, to the extent available, by insurance carriers admitted in the State and (2) the Maryland Insurance Administration (MIA) expedite review of applications by authorized insurers for approval of insurance products for transportation network services, and that these products become available for purchase by July 1, 2016.

Assessments on Transportation Network Services

A county or municipality that licensed or regulated taxicab services on or before January 1, 2015, either directly or through PSC, may impose an assessment on trips that originate within the county or municipality – generally up to 25 cents per trip, subject to certain

requirements. The revenue generated from the assessments must be used for transportation purposes. An exempt jurisdiction (a county or municipality that imposed a tax, fee, or charge on for-hire transportation services provided on a per-ride or per-passenger basis operated in that county or municipality on or before January 1, 2015) is not limited to the amount it may assess transportation network services. In practice, this applies to Baltimore City.

Generally, an assessment may not be imposed on a transportation network service by both a county and a municipality. An assessment is subject to the 25 cents per trip limitation. For the situation where a county did not license or regulate taxicab services on or before January 1, 2015, and the county has not imposed an assessment by July 1, 2016:

- before the county may impose an assessment in a municipality, the county must notify a municipality of the county's intent to impose an assessment on transportation network services that originate in the municipality and provide the municipality reasonable time to pass an ordinance authorizing the imposition of an assessment; and

- before a municipality may impose an assessment, the municipality must notify the county of the municipality's intent to impose an assessment, and if the county is imposing an assessment, provide the county reasonable time to notify the Comptroller before the municipality's assessment becomes effective.

A county and municipality in the county may enter into an agreement to share revenue and allocate them in any manner.

A transportation network company must collect the assessments and any other fee, charge, or tax imposed by an exempt jurisdiction and remit the revenue to the Comptroller each quarter. The Comptroller must then disburse the revenue to local governments accordingly. The bills establish a special fund for this purpose, from which the Comptroller may retain its administrative expenses.

Studies and Reports

PSC must study the laws and regulations that apply to sedan, limousine, and taxicab services for purposes of modernizing and streamlining the application processes and other requirements and allowing these services to better compete in the marketplace. By December 1, 2015, PSC must submit an interim report, and by July 1, 2016, PSC must submit a final report with any findings and recommendations, including legislative and regulatory actions, to the Senate Finance Committee and the House Economic Matters Committee.

In addition, MIA must conduct a study on (1) the availability of the insurance requirements specified in the bill for the transportation network industry offered by insurers admitted in the State; (2) the methods to increase the availability of the coverages by admitted carriers; and (3) the affordability of the coverages. By November 1, 2016, MIA must report its findings and recommendations, including legislative and regulatory actions, to the Senate Finance Committee and the House Economic Matters Committee.

Electricity

Transmission Line Construction

***Senate Bill 460*/*House Bill 469* (both passed)** authorize a person – rather than solely an electric company – to obtain a certificate of public convenience and necessity to begin construction of an overhead transmission line that is designed to carry voltage in excess of 69,000 volts or exercise a right of condemnation with the construction, subject to specified conditions. Likewise, statutory requirements and conditions for construction related to an existing overhead transmission line are expanded to include any person – rather than solely an electric company.

Solar Generation and Net Energy Metering

Net energy metering is the measurement of the difference between the electricity that is supplied by an electric company and the electricity that is generated by an eligible customer-generator and fed back to the electric company over the eligible customer-generator's billing period. Aggregation of net-metered loads is the practice of combining meter readings from more than one utility service point. Electric companies can provide this service by using physical interconnection of service points (physical aggregation) or by summing the total usage from two or more meters (virtual aggregation). Only certain types of customers are allowed to use this service. Agricultural, municipal, and nonprofit entities are allowed to aggregate net-metered loads under PSC regulations. Solar photovoltaic electricity generating equipment installed "behind the meter" is a typical net-metering installation for physical aggregation. The attribution of output of a separately metered solar generating facility to customer accounts served by other meters is a form of virtual aggregation.

***Senate Bill 398*/*House Bill 1087* (both passed)** require PSC to establish a three-year Community Solar Energy Generating System Pilot Program. Under the pilot program, a subscriber organization may petition PSC to authorize the installation of solar generating equipment of which the output will be shared among several subscribers. PSC must adhere to specified guidelines in structuring the pilot program and adopt specified regulations to implement the pilot program. PSC must also, in consultation with the Maryland Energy Administration, convene a stakeholder workgroup to study the value and costs of the pilot program and make recommendations to PSC on the advisability of establishing a permanent program.

***Senate Bill 353* (passed)** requires a person who is negotiating a contract with an eligible customer-generator to install a solar electric generating facility on the customer-generator's property to adhere to specified application and notification requirements. The bill addresses a timing issue related to solar installations when a contract for installation could be signed by a customer and payments made to a solar installer prior to the disapproval of an interconnection agreement. Under PSC regulations, a solar installer must receive an approved interconnection agreement from the electric company before installing the system. The bill codifies this requirement but also requires the solar installer to notify the customer whether the application is approved or disapproved. Further, if the application for interconnection is disapproved, the solar installer must refund any payments received from the customer.

Utility Poles

Utility poles often support both electric and telephone lines, which may be owned by either an electric company or a telephone company. The poles may also carry cable and municipal equipment. ***House Bill 541*** ***(passed)*** requires PSC to convene a workgroup to address various issues that arise when multiple entities share the same utility pole. PSC must report its findings and recommendations to the General Assembly by December 31, 2015.

Telecommunications

In regulating telecommunications, PSC reviews tariff filings and rate revisions, authorizes telephone and telegraph companies to provide new service offerings, and regulates the intrastate services of long distance ("interexchange") companies and companies that resell interexchange service. Verizon Maryland, Inc. is the traditional provider of local telephone service in virtually all of Maryland. However, Verizon now faces competition from additional telephone companies providing facilities-based local service and telephone companies providing resold local service, in addition to competition from cable providers and wireless services.

Through a series of docketed cases over many years, PSC has been considering various issues associated with Verizon including the appropriate forms of regulating telephone companies, service quality, bundled services, a proposed pricing tariff, and other factors dating back to at least 2006.

Senate Bill 207/***House Bill 472*** ***(both passed)*** alter the definition of "telephone company," removing intrastate long distance telephone services from PSC regulation. In addition, PSC may allow, if it finds that it is in the public's interest, a telephone company that has 20,000 or fewer subscribers to provide a regulated service without requiring the company to file a tariff schedule.

A telephone company that provides discretionary regulated retail services or competitive regulated retail services does not have to file with PSC a tariff schedule of its rates and charges for these services. These services remain regulated by PSC; however, a telephone company may alter its rates, terms, and conditions – within the limits set by PSC – without having to wait 30 days and receive PSC approval.

Specified merger and acquisition requirements do not apply to a merger or transfer of stock or other ownership interest between a telephone company and another entity with a greater than 50% ownership in common with the telephone company. The bills also exempt a telephone company from specified requirements related to financial transactions. The bills require PSC to conduct specified studies and develop a related report.

Underground Facilities

Detectable tracer wires made of various materials are used to assist utilities, municipal workers, contractors, and the public in locating underground piping and infrastructure before digging or other construction activities begin. ***Senate Bill 401*** ***(Ch. 29)*** requires any new or replacement piping connecting a building to a water supply system or a sewerage system to be

installed with a specified insulated copper tracer wire or equivalent product to make the piping detectable. The Act establishes standards and specifications regarding the wire and its installation. For replacement, the Act only applies to a complete pipe replacement, not to a partial replacement or a repair.

Public Service Commission

PSC's Hearing Examiner Division conducts formal proceedings in matters referred to it by PSC and files proposed orders with PSC. In 2011, PSC began referring to an individual with the statutory job title of "hearing examiner" as a "public utility law judge." ***Senate Bill 11/House Bill 35 (both passed)*** codify PSC's current practice by changing the statutory job title of hearing examiner to public utility law judge.

Senate Bill 54/House Bill 140 (both passed) prohibit an individual, for a period of one year after leaving service with PSC as a commissioner, from receiving financial benefit that is not otherwise generally available to the public as a customer of a public service company from (1) a public service company that is subject to PSC jurisdiction or (2) a person that directly or indirectly, or through one or more intermediaries, controls, is controlled by, or is under common control with a public service company that is subject to PSC jurisdiction.

Insurance – Other than Health

Property and Casualty Insurance

Workers' Compensation Insurance

Chesapeake Employers' Insurance Company: ***Senate Bill 465 (Ch. 36)*** requires the Chesapeake Employers' Insurance Company, like other workers' compensation insurers in the State, to join the rating organization that establishes rates for workers' compensation insurance as approved by the Maryland Insurance Commissioner. The phase-in process for this change is to be completed by January 1, 2023, and includes requiring the rating organization to (1) make annual reports concerning the status of Chesapeake joining the rating organization and (2) create a classification code for governmental occupations that are not already included in police, firefighter, and clerical classifications. For a more detailed discussion of this Act, see the subpart "Workers' Compensation" within this part of this *90 Day Report*.

Notice of Cancellation or Nonrenewal: ***House Bill 358 (Ch. 88)*** increases the number of days, from at least 30 days to at least 45 days, within which an insurer is required to provide a specified notice to an employer and file a copy of the notice with a specified person before the insurer may cancel or refuse to renew the employer's workers' compensation insurance policy for a reason other than nonpayment of a premium. This change aligns the time period within which workers' compensation insurers must provide notice with the time period within which insurers must give notice before cancellation of a policy for all other lines of property and casualty

insurance. The effective date of the Act is January 1, 2016, which will allow workers' compensation insurers time to adjust their notification systems.

Commercial Motor Vehicle Insurance – Study

The American Trucking Association estimates that there will be a significant truck driver shortage nationwide in the next decade. The association cites one challenge in resolving the shortage is that commercial motor vehicle insurance coverage is not broadly available to entry-level commercial driver's license holders. ***Senate Bill 910* (passed)** requires the Department of Labor, Licensing, and Regulation (DLLR) to conduct a study of the availability, accessibility, and affordability of commercial motor vehicle insurance for motor carriers that want to employ entry-level commercial driver's license holders, and to make recommendations on how to make commercial motor vehicle insurance for motor carriers more available, accessible, and affordable. In conducting the study, DLLR may consult with (1) various State agencies related to insurance and transportation; (2) institutions of higher education, entities related to higher education, and training schools; (3) the motor carrier industry; and (4) the motor vehicle insurance industry and producers.

On or before December 1, 2015, DLLR must report its findings and recommendations to the Senate Finance and House Economic Matters committees. If DLLR has not completed the study by that date, it must instead report its interim findings and recommendations by December 1, 2015, and its final findings and recommendations by December 1, 2016.

Premium Finance Companies – Assignment of Premium Finance Agreements

Chapter 334 of 2013 addressed a number of aspects of State premium finance laws. In part, Chapter 334 authorized premium finance companies, with respect to private passenger motor vehicle insurance, personal insurance, and commercial automobile, fire, and liability insurance, to (1) assign all rights and obligations under a premium finance agreement to another premium finance company or (2) pledge a premium finance agreement as collateral for a loan. If a premium finance company makes an assignment, the premium finance company must provide the insured with notice of the assignment and the contact information of the premium finance company to which the obligation has been assigned. The provisions of Chapter 334 authorizing assignment of premium finance agreements are subject to termination on June 30, 2015.

Chapter 334 also required the Maryland Insurance Administration (MIA) to keep track of complaints received from consumers who had premium finance agreements for commercial automobile, fire, or liability insurance assigned. In its final report delivered on November 14, 2014, MIA advised that, prior to the effective date of Chapter 334, premium finance companies assigned contracts without regulatory guidelines or any statutory requirement to provide notice to consumers. MIA found that, when rights and obligations were assigned, the process caused confusion among consumers and mistakes on the part of the finance company. In conclusion, MIA advised that if these assignment provisions were allowed to terminate, premium finance companies were likely to restart the same practices that occurred prior to enactment of Chapter 334. Therefore, MIA advised that provisions (particularly required notice) related to

assigning rights and obligations for private passenger automobile insurance and personal insurance should remain in effect and not terminate.

Senate Bill 142 (Ch. 16) repeals the termination date of the provisions of Chapter 334 that authorized premium finance companies, with respect to private passenger motor vehicle insurance; personal insurance; and commercial automobile, fire, and liability insurance to (1) assign all rights and obligations under a premium finance agreement to another premium finance company or (2) pledge a premium finance agreement as collateral for a loan.

Limited Lines Insurance – Motor Vehicle Rental Companies

Senate Bill 770 (Ch. 51) permits an authorized representative of a motor vehicle rental company to perform the same functions, including selling insurance, as the employees of the motor vehicle rental company if the authorized representative meets the same requirements, including training, as the company's employees who sell, offer, or provide limited lines insurance for rental vehicles. Under the Act, an employee or an authorized representative of a motor vehicle rental company who offers or sells insurance coverage on behalf of the company may be compensated for offering or selling the insurance, but may not be compensated in a manner based solely on the number of customers who purchase rental vehicle insurance. The Insurance Commissioner may adopt regulations concerning training requirements for authorized representatives and qualifications for trainers.

The Act also requires a motor vehicle rental company that holds a limited lines license to sell insurance in connection with the rental of a motor vehicle to maintain a register that contains the names of each employee or authorized representative who offers motor vehicle limited lines insurance on behalf of the company, and the business addresses of all locations in the State where employees or authorized representatives offer the insurance. The register is subject to inspection by the Insurance Commissioner. Finally, the Act requires an employee or authorized representative to inform a renter that the policy offered by the motor vehicle rental company may duplicate coverage already provided by the renter's other policies of insurance.

Life Insurance

Reserve Investments of Life Insurers – Loans Secured by Real Estate

Senate Bill 325 (Ch. 25) alters provisions of law that govern loans secured by real estate that may be a part of a life insurer's reserve investments. A mortgage loan authorized by law for inclusion in a life insurer's reserve investments may not have an amortization period that exceeds 30 years, with payments to be made at least annually. The Act modifies this amortization requirement so that it applies when the loan exceeds 75% of the fair market value of the real estate in reserve and the loan (1) is primarily improved by a residence or (2) is farm property used for farming purposes and the loan amount on any one farm property does not exceed $500,000. By altering the law in this manner, the Act corrects an inadvertent change in substantive law that occurred during the 1997 code revision process.

Cash Surrender Values – Supplemental Benefits

Senate Bill 555 (Ch. 40) clarifies that the basic cash value of supplemental benefits contained in riders, which are policies that are purchased separately from a basic life insurance policy and provide additional benefits at additional cost, that are issued after the starting date of a life insurance policy are required to comply with the cash value requirements that would apply if the benefits were included in the basic policy.

Maryland insurance law requires that for riders on life insurance policies, the basic cash value must be equal to the cash surrender value of the policy; however, this requirement does not apply to § 16-309 of the Insurance Article, which governs riders issued after the starting date of a basic policy. MIA advises that reference to § 16-309 was inadvertently left out when the Insurance Article was recodified by Chapter 11 of 1996. MIA further advises that all insurers in the State comply with this requirement, although technically it is not codified. The Act, therefore, makes a technical correction and codifies existing practice.

Standard Valuation Law and Reserve and Nonforfeiture Requirements

Life insurance policy reserves are the money an insurer must set aside today to pay expected future life insurance claims. Life insurance policy reserves currently are calculated (or "valued") using pre-set formulas.

In 2009, the National Association of Insurance Commissioners (NAIC) adopted a revised model Standard Valuation Law (SVL), which introduced a new method for calculating life insurance policy reserves to more easily adapt requirements for changing life insurance products. This new method is referred to as principle-based reserving (PBR). Once adopted by legislatures, PBR will replace the current formulaic approach to determining policy reserves with an approach that more closely reflects the risks of highly complex life insurance products. The improved calculation is expected to "right-size reserves," reducing reserves that are too high for some products and increasing reserves that are too low for other products. The revised SVL authorizes creation of a valuation manual that contains reserving requirements.

A supermajority of NAIC members adopted the valuation manual in December 2012, paving the way for states to begin adopting the revised SVL during their 2013 legislative sessions. Once at least 42 states (a supermajority) representing 75% of the total U.S. premium adopt the revisions to the SVL, PBR will be implemented. All policies issued on or after the operative date of the valuation manual will be subject to the PBR standard.

As the industry moves to PBR, there will be challenges, including a substantial initial expense of implementing a PBR system for some insurers. To allow insurers time to identify and address these challenges, the valuation manual provides a three-year transition period beginning on the operative date of the manual before insurers are required to comply with PBR standards. However, insurers may begin to use the valuation manual before the three-year transition period has concluded. It is anticipated to take from three to five years to obtain the 42 state adoptions of the SVL necessary to make the valuation manual operative. Given that timeframe and the

three-year transition period required by the valuation manual, most insurers will not use the PBR system until 2018 at the earliest.

Senate Bill 573/House Bill 770 ***(both passed)*** require insurers, on or after the operative date of a valuation manual adopted by the NAIC, to value their reserves for life insurance policies, accident and health insurance contracts, and deposit-type contracts using the PBR method that is established by the valuation manual. In the event that there is a conflict between Maryland law and the valuation manual, the conflict must be resolved in favor of Maryland law. The bills are contingent on the adoption of the valuation manual and the occurrence of other events specified by the bills, including the enactment of similar legislation by at least 42 of 55 specified jurisdictions.

Domestic insurers that have ordinary life premiums that are less than a specified amount and that meet other criteria are exempted from the principle-based reserving requirements of the bills. A domestic company that meets these criteria must compute reserves using assumptions and methods used before the operative date of the valuation manual.

Surplus Lines Insurance – Disability Insurance

House Bill 565 (Ch. 96) applies to disability insurance that (1) provides for lost income, revenue, or proceeds in the event that an illness, accident, or injury results in a disability that impairs an insured's ability to work or otherwise generate income, revenue, or proceeds that the insurance is intended to replace and (2) does not include payment for medical expenses, dismemberment, or accidental death. The Act authorizes this type of disability insurance to be procured from a nonadmitted insurer in the State as a surplus line if the coverage procured is in excess of coverage available from, or is unavailable from, admitted insurers in the State that write that particular kind and class of insurance. The procurement of disability insurance authorized by the Act must meet diligent search and other specified requirements of State insurance laws governing surplus lines.

Motor Clubs

According to MIA, the provisions of State law that govern motor clubs have not kept pace with recent changes in the marketplace. Specifically, "motor club" is defined under State law to mean a person engaged directly or indirectly in selling, offering for sale, furnishing, or procuring motor club service. However, numerous vehicle service contracts include motor club services offered through a licensed motor club, and vehicle manufacturers arrange for motor club services as part of their warranties. MIA advises that even though under State law these entities are considered motor clubs, they are not in actuality motor clubs and therefore need not be subject to the provisions of law governing motor clubs. MIA has not been licensing these entities as motor clubs.

Senate Bill 553 (Ch. 39) clarifies the applicability of provisions of State insurance law that govern motor clubs. Specifically, the Act provides that the provisions of law that govern motor clubs do not apply to (1) a motor vehicle manufacturer or distributor (or a wholly owned

subsidiary) that offers for sale, furnishes, or procures emergency road service, towing service, or other service that may be offered by a licensed motor club as part of a mechanical repair contract or (2) a licensed vehicle dealer or any person that offers for sale, furnishes, or procures emergency road service, towing service, or other service that may be offered by a licensed motor club as part of a mechanical repair contract if the provider of services maintains adequate insurance reserves as defined by the Insurance Commissioner and the mechanical repair contract is offered in compliance with a specified State law. The Act also provides that the laws relating to motor clubs do not apply to (1) an authorized property and casualty insurer that provides emergency road service, towing service, or a similar type of indemnification under a policy that has been filed with and approved by the Insurance Commissioner or (2) an obligor under a mechanical repair contract that provides emergency road service, towing service, or other service that may be offered by a licensed motor club if the mechanical repair contract is offered in compliance with a specified State law.

The Act requires that (1) the fees charged to motor club members be filed with the Insurance Commissioner when the motor club initially applies for a license and each time it applies to renew its license and (2) the fees charged and the services or benefits to which members are entitled be included in the service contract. The Act clarifies that emergency road service provided as a "motor club service" includes the replacement of a motor vehicle key or key fob if the key or key fob becomes inoperable or is lost or stolen. Finally, the Act prohibits an unlicensed person from representing to the public that the person is licensed or otherwise authorized to provide motor club service or engage in the business of a motor club in the State.

Reinsurers – Fees

Chapter 321 of 2013, among other things, authorized credit to be allowed when reinsurance is ceded to an assuming insurer that is certified by the Insurance Commissioner as a reinsurer in the State and secures its obligations in accordance with the law. Chapter 321 created a new type of reinsurer known as "certified reinsurers," but did not include a provision to authorize MIA to collect fees from these new entities. Further, Chapter 321 changed the name "accepted reinsurer" to "accredited insurer"; however, it did not make conforming changes to the fee provision.

***Senate Bill 554* (passed)** requires the Insurance Commissioner to collect, and certified reinsurers to pay, a fee for filing an annual statement. The bill also clarifies that accredited reinsurers (formerly known as accepted reinsurers) must pay the fee. The annual filing fee for certified reinsurers and accredited reinsurers is $1,000.

Horse Racing and Gaming

Horse Racing

Standardbred Racetrack Operating Loss Assistance

***House Bill 180* (passed)** extends through 2019 a distribution of up to $1.2 million annually from the portion of the Purse Dedication Account (PDA) allocated to standardbred purses to each of Ocean Downs Race Course and Rosecroft Raceway for financial assistance for operating losses.

Standardbred Organization Reimbursement

***Senate Bill 929*/*House Bill 1176* (both passed)** authorize the organization that represents a majority of the standardbred owners and trainers in the State to apply to the Secretary of the Department of Labor, Licensing, and Regulation for reimbursement for eligible expenditures of up to 2% of standardbred purses within the PDA.

State Lottery

Raffles

***House Bill 1114* (Ch. 118)** expands the definition of "State lottery" to include a raffle conducted by the State Lottery and Gaming Control Agency (SLGCA). Under the Act, SLGCA may enter into agreements to operate multijurisdictional raffles with any other political entity, including another state, or with a private licensee.

Video Lottery Terminals and Table Games

Employee Licenses

An individual under the age of 21 is prohibited from entering or remaining in an area within a video lottery facility. ***House Bill 1111* (Ch. 117)** alters this prohibition so that a video lottery employee who is at least 18 years old may be in the area if the employee is working.

The State Lottery and Gaming Control Commission (SLGCC) issues video lottery employee and operation licenses. SLGCC is required to automatically disqualify an applicant from receiving a license if certain conditions are met. ***House Bill 1113* (passed)** repeals the requirement that SLGCC automatically deny an *employee* license if the applicant has committed a criminal act involving moral turpitude or gambling, even if the act was not prosecuted. SLGCC maintains the authority to deny an applicant for such an act, but the denial is not automatic. Additionally, the bill alters the requirements with respect to automatic denial of a video lottery *operation* license. Under the bill, an applicant is automatically denied a video lottery *operation* license if the applicant has committed a criminal act involving moral turpitude or gambling in any jurisdiction, even if the act was not prosecuted, within the prior seven years.

***House Bill 1115* (Ch. 119)** authorizes SLGCC to issue a temporary video lottery employee license to an applicant. The temporary license authorizes an applicant to be employed as a video lottery employee and expires 180 days after being issued unless SLGCC extends it for an additional 180 days.

Local Gaming

Charitable Casino Events

***Senate Bill 4*/*House Bill 280* (both passed)**, ***Senate Bill 510*/*House Bill 274* (both passed),** ***Senate Bill 443* (passed)**, and ***House Bill 425* (passed)** add Carroll County, Frederick County, Harford County, and Howard County, respectively, to those counties in which casino events (referred to as "gaming contests" in Harford County) are authorized. Each of these bills:

- authorize certain charitable organizations to qualify for a permit to host a casino event;
- require that each event be managed by the organization that is the permit holder;
- state that operational volunteers must be at least 18 years old, and participants must be at least 21 years old;
- specify the number of permits available to an organization in a calendar year;
- require that permit holders charge a preset entrance fee in exchange for tokens at each casino event and prohibit cash to be used for wagering;
- require the permit holder to submit certain financial information to its respective permitting authority;
- establish a penalty for permit violators; and
- authorize each local permitting authority to adopt certain regulations.

Prince George's County

***House Bill 598* (Ch. 99)** authorizes a charitable foundation that is affiliated with a professional football team in Prince George's County to obtain a permit to conduct a raffle in Prince George's County.

Calvert County

***Senate Bill 265* (passed)** alters the distribution of revenue from the State admissions and amusement tax on electronic bingo and electronic tip jars in Calvert County.

Economic Development

Maryland Economic Development and Business Climate Commission

In response to concerns regarding the business climate in the State, in March 2014 the Presiding Officers of the General Assembly established and appointed the Maryland Economic Development and Business Climate Commission (Augustine Commission or commission) to focus on the State's economic development structure and incentive programs. The commission's 21 members come from a broad spectrum of backgrounds and have had business involvement in many states, as well as abroad. The commission held eight public meetings throughout the State and discussed pertinent issues with individuals and organizations from the business, labor, government, academic, and related communities. In February 2015, the commission reported its interim findings and recommendations to the Presiding Officers. The principal finding of the commission was that Maryland has not nearly reached its potential in growing business and creating jobs. As a result of the commission's work, the Presiding Officers introduced a package of legislation to implement several of the commission's recommendations.

Economic Development Restructuring

In the State, there are four primary entities associated with the State's economic development efforts: the Department of Business and Economic Development (DBED); the Maryland Economic Development Commission (MEDC); the Maryland Technology Development Corporation (TEDCO); and the Maryland Economic Development Corporation (MEDCO).

The mission of DBED is to strengthen the Maryland economy. DBED develops and implements programs that aim to generate new jobs or retain existing jobs, attract business investment in new or expanding companies, and promote the State's strategic assets. The department's primary goals are to increase business investment in Maryland; enhance business success and the competitiveness of businesses in their distinct markets; and develop a diverse economic base and ensure that all jurisdictions share in the State's economic vitality.

The purpose of MEDC is to establish economic development policy in the State and oversee the department's efforts to support the creation of, attract, and retain businesses and jobs. MEDC must develop and update an economic development strategic plan for the State and recommend to the Governor the program and spending priorities needed to implement the plan. In addition, MEDC must carry out other specified duties.

TEDCO was launched in 1998 to help commercialize the results of scientific research and development conducted by higher education institutions, federal laboratories, and private-sector organizations. TEDCO also aims to promote new research activity and investments that lead to business development in Maryland. To achieve its goals, TEDCO provides nonequity investments to early stage technology businesses, and it funds development and patenting of new technologies at research universities. TEDCO also develops linkages with federal research facilities in the State and helps companies to pursue research funds from federal and other sources.

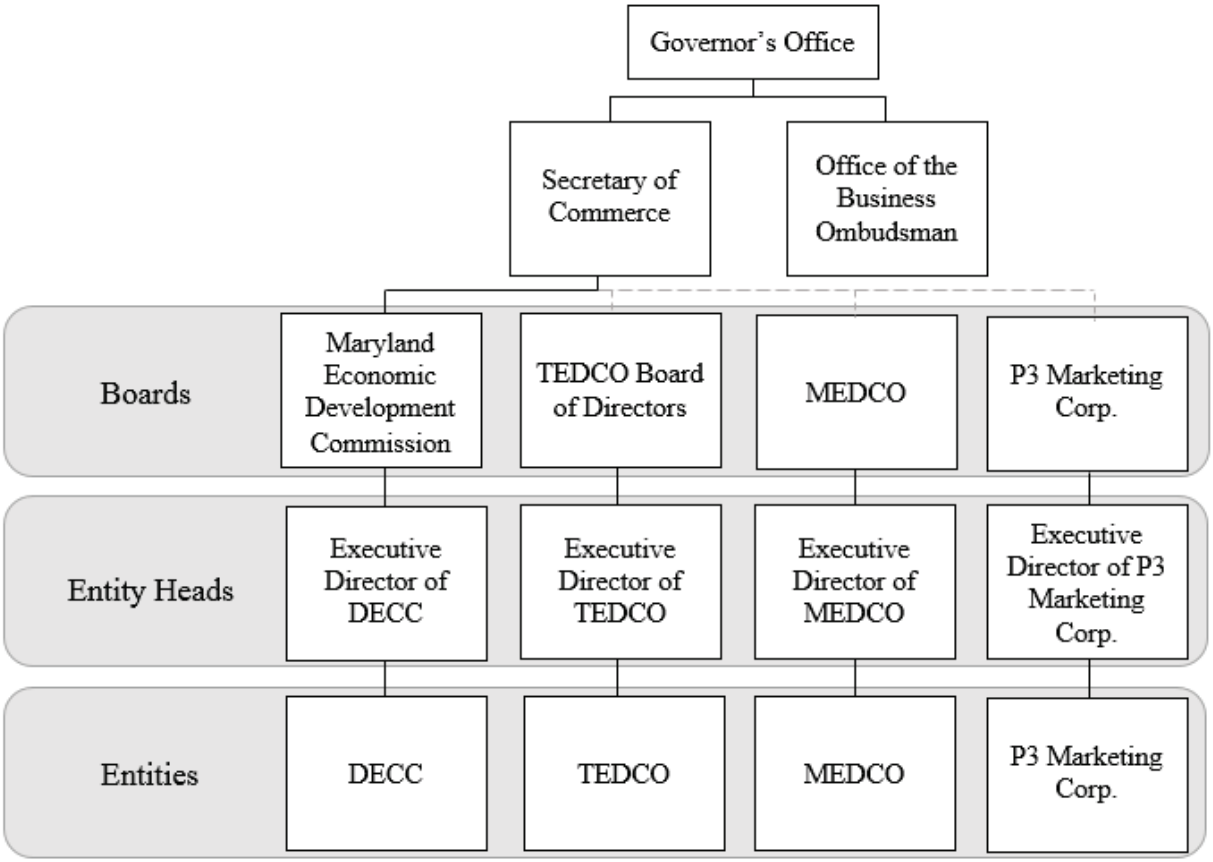
MEDCO, a nonbudgeted entity created in 1984 by the General Assembly, assists business and governmental entities through ownership, financing, and development of real and personal property projects. MEDCO purchases or develops property that is leased to others and makes loans to companies throughout the State to maintain or develop facilities.

After reviewing the State's economic development entities and functions, the Augustine Commission found that economic development entities in the State need to be reorganized in a manner that reflects the importance of their missions, facilitates accountability, and encourages ease of navigation (finding 1 of the interim report). Accordingly, ***House Bill 943*** ***(passed)*** restructures the principal economic development entities by:

- creating a Secretary of Commerce in the Governor's Office to be the new head of economic development and policy implementation efforts in the State;
- creating a Commerce Subcabinet, chaired by the Secretary of Commerce and composed of representatives of seven specified State agencies;
- reorganizing DBED from its current structure to be the Department of Economic Competitiveness and Commerce (DECC), which remains a principal department of State government and is managed by an executive director on the Commerce Secretary's behalf;
- requiring the Secretary of Commerce to establish regional offices in the local jurisdictions to advise on whether the economic needs of each local jurisdiction are being addressed and coordinate with municipal and local economic development agencies;
- expanding the duties and altering the membership of MEDC to reflect the commission's strengthened role in economic development policy in the State;
- transferring the Invest Maryland Program, the Maryland Venture Fund Authority, and the Enterprise Fund to TEDCO to further TEDCO's expanded purpose of assisting early stage and start-up businesses in the State; and
- establishing the Maryland Public-private Partnership (P3) Marketing Corporation and the Economic Development Marketing Fund (finding 2 of the interim report).

Exhibit H-1 illustrates the new organizational structure of the State's economic development entities.

Exhibit H-1
State Economic Development Organization



DECC: Department of Economic Competitiveness and Commerce
MEDCO: Maryland Economic Development Corporation
TEDCO: Maryland Technology Development Corporation
P3 Marketing Corporation: Maryland Public Private-partnership Marketing Corporation

Note: The Secretary of Commerce monitors the operations of and coordinates policy for TEDCO, MEDCO, and the P3 Marketing Corporation. The bill specifies that this provision may not be construed to limit the independence of these corporations.

Under the bill, an Office of the Secretary of Commerce is established in the Governor's Office. The Secretary of Commerce is appointed by the Governor with the advice and consent of the Senate. The Secretary is the head of economic development policy and implementation efforts in the State and is the head of and responsible for the operations of DECC. The Secretary also monitors the operations of TEDCO, MEDCO, and the P3 Marketing Corporation; however, this may not be construed to limit the independence or operations of these corporations. The bill requires the reorganized DECC to:

- establish and monitor performance measures to determine the success of outreach efforts to businesses;

- facilitate regular meetings among its regional experts, financial incentive team, and tourism development team to determine the success in meeting overall economic development strategic goals and in addressing the economic development needs of each region; and

- work with community colleges to enhance their role in providing workforce training services, including industry-specific education and training in response to the needs of the State.

Commerce Subcabinet: The Secretary is responsible for the oversight, direction, and accountability of the work of the subcabinet. The Office of the Secretary of Commerce must provide the primary staff for the subcabinet. The subcabinet must:

- advise the Governor on proposals to enhance the State's business climate;

- gather information the subcabinet considers necessary to promote its goals;

- collaborate to facilitate and expedite critical economic development projects in the State; and

- provide other assistance that may be required to further the goals of the State and enhance the State's business climate.

The bill requires the subcabinet to meet each month.

Maryland Economic Development Commission: The bill expands the purpose of the MEDC to include (1) overseeing the *operations* of DECC and its units, rather than *solely* overseeing the department's efforts to support the creation, attraction, and retention of businesses and jobs and (2) monitoring the operations of TEDCO, MEDCO, and the P3 Marketing Corporation, including those entities' efforts to support the creation, attraction, and retention of businesses and jobs. The requirement that MEDC participate in marketing the State is removed. However, MEDC must (1) conduct periodic reviews of the economic development activities of DECC, TEDCO, MEDCO, and the P3 Marketing Corporation for compliance with the economic development strategic plan and (2) make recommendations to the Governor and the Secretary to improve economic development activities that fail to achieve economic development strategic goals or are inconsistent with priorities under the economic development strategic plan. Further, the department may not submit a budget request before MEDC reviews the request.

Maryland Public-private Partnership Marketing Corporation: The bill specifies that the purposes of the P3 Marketing Corporation are to (1) create a branding strategy for the State; (2) market the State's assets to out-of-state businesses; (3) recruit out-of-state businesses to locate and grow in the State; and (4) foster public-private partnerships that encourage location and development of new businesses in the State. In addition, the P3 Marketing Corporation must administer the Economic Development Marketing Fund, a special, nonlapsing fund. The fund may

only be used to market the State as a location for businesses to locate, retain, or expand their operations. It consists of private, State, local, and federal funds; money derived from the sale of advertising, publications, sponsorships, or other promotional or marketing opportunities; and any other money made available to the corporation.

Finally, the bill declares that it is the intent of the General Assembly that (1) at least $1,000,000 of the allowance of DBED's Marketing Division be transferred by budget amendment to the P3 Marketing Corporation in fiscal 2016 for the purpose of advertising and out-of-state business recruitment and (2) the BioMaryland Center, the office within DBED that supports the growth of the life sciences industry in the State, be transferred to TEDCO on or before January 1, 2016.

Advisory Council on the Impact of Regulations on Small Businesses

One of the commission's recommendations was to authorize a member of the Joint Committee on Administrative, Executive, and Legislative Review (AELR Committee) to hold a hearing on a proposed regulation if the State's analysis of the proposed regulation notes a meaningful adverse impact on small businesses (finding 5 of the interim report). ***House Bill 939 (passed)*** establishes the Advisory Council on the Impact of Regulations on Small Businesses within DBED to review proposed regulations and determine whether they have a significant small business impact. A "significant small business impact" is defined as a likely meaningful effect, as determined by the council, on the revenues or profits of a significant number of small businesses or a significant percentage of small businesses within a single industry in the State; it does not include an impact from a regulation necessary to comply with federal law.

The council is staffed by DBED and consists of specified Executive Branch agency heads or their designees, members of the General Assembly, small business owners, and minority business enterprise and women's business enterprise owners. For each proposed regulation, the council must estimate the range of costs for small businesses and, if a significant impact is found, the council must (1) identify whether the regulation is necessary to comply with federal law and (2) submit a written statement to the AELR Committee and the Department of Legislative Services within 15 days of receiving the proposed regulation. If a proposed regulation establishes a standard that is more restrictive or stringent than an applicable federal standard, the council must identify the net cost, alternatives, and potential benefits. The bill establishes additional requirements for promulgating units and the Department of Legislative Services, including requiring the Department of Legislative Services to review the findings of the council. After notification that a proposed regulation will have a significant small business impact, any member of the AELR Committee may request a hearing. The AELR Committee must hold a hearing if requested and may request that the promulgating unit delay adoption of the regulation.

Apprenticeship Maryland

The commission found that apprenticeships are seriously underutilized in the State (finding 8 of the interim report), which led to several specific recommendations, including to establish a pilot apprenticeship program, "Apprenticeship Maryland." ***House Bill 942 (passed)*** establishes "Apprenticeship Maryland," a two-year pilot program to prepare students to enter the

workforce by providing on-site employment training and related classroom instruction needed to obtain a license or certification for a skilled occupation. The bill requires specified entities to (1) develop criteria for the selection of two local systems to participate in the program and (2) develop criteria for and identify eligible employers. The Maryland State Department of Education (MSDE) must consider, to the extent practicable, providing for the selection of one urban school system and one rural school system to participate in the program.

Each county superintendent from a participating school system may select up to 60 students to participate in the program. A student selected to participate in the program:

- may start the program in the summer or fall of the student's junior or senior year in high school;
- must complete at least 450 hours of supervised work-based training;
- must receive at least one year of classroom instruction relating to the student's eligible career track in the manufacturing industry or the science, technology, engineering, and math (STEM) industries;
- must receive credit toward a high school diploma or a postsecondary credential, or both, for the work-based training and classroom instruction completed under the program; and
- must complete the program before August 31 following the student's graduation from high school.

Eligible employers must pay an eligible student at least the State minimum wage, subject to any lawful exemptions. The Department of Labor, Licensing, and Regulation (DLLR) must issue a skills certificate to each student who completes the program. DLLR and MSDE jointly may adopt regulations to implement the program and must report annually to the Governor and the General Assembly regarding its effectiveness.

State Customer Service and Business Development Efforts Training Program

The commission concluded that the State is viewed as deficient in providing customer service and recommended several remedial measures, including continuous customer service and business development training for State agencies with frequent interaction with the business community and the public (finding 4 of the interim report). ***House Bill 940 (passed)*** creates the State Customer Service and Business Development Efforts Training Program, overseen and administered by the Office of the Business Ombudsman in the Governor's Office, to increase the responsiveness of and improve customer service provided by State agencies. DBED and specified State agencies must participate in the program and report annually on the progress of their customer service. The Office of the Business Ombudsman must annually evaluate the program and report and make recommendations to the Governor and the General Assembly.

Task Force to Facilitate Technology Transfer at Institutions of Higher Education

The commission also found that technology transfer at universities is crucial and impeded by State laws, which led to several specific recommendations (finding 10 of the interim report). ***House Bill 941*** ***(passed)*** implements the first of these recommendations by establishing the Task Force to Study Exemptions from Higher Education Ethics Requirements and Procurement Rules to Facilitate Technology Transfer. The task force generally is charged with examining the effect of existing State ethics requirements and procurement rules on technology transfer at universities, including possible exemptions from, and other modifications of State ethics requirements and procurement rules. The task force must report on or before December 1, 2015, on its findings and recommendations.

Small Business Development Programs

Surety Bond Program

The Surety Bond Program assists eligible small businesses in obtaining bid, performance, or payment bonds necessary to perform on contracts where the majority of funds are provided by a government agency, public utility company, or private entity. The program is funded through the Surety Bond Fund, a special, nonlapsing fund. ***House Bill 844*** ***(Ch. 106)*** increases the maximum amount for which the Maryland Small Business Development Financing Authority (MSBDFA) may guarantee a surety from $1.35 million to $2.25 million under the program. The maximum amount for which the authority may issue a bid bond, performance bond, or payment bond as a surety is also increased from $1.0 million to $2.5 million per bond.

Pilot Program for Small Business Development by Ex-offenders

Senate Bill 582/House Bill 909 ***(both passed)*** require DLLR, in consultation with the Department of Public Safety and Correctional Services and MSBDFA, to establish a pilot program for small business development by ex-offenders, subject to the availability of funds. The program is to assist individuals exiting the correctional system by providing training on establishing and funding a small business. DLLR may coordinate with other entities that offer to provide resources for the program, including funding, training, and mentoring services. Individuals selected to participate in the program must have recently exited the correctional system and have an interest or skill set that indicates a likelihood of success in implementing a business plan. DLLR must (1) assist program participants in obtaining financing through MSBDFA and (2) provide each participant with a mentor who will guide the participant over a three-year period following the implementation of the participant's business plan. DLLR must report on the program's effectiveness to the General Assembly on or before December 31, 2020.

Military Personnel and Veteran-Owned Small Business No-Interest Loan Program

The Military Personnel and Veteran-Owned Small Business No-Interest Loan Program was established in 2006 to assist military reservists and National Guard members called to active duty, service-disabled veterans, and businesses that employ or are owned by such persons. Chapter 105 of 2013 expanded eligibility for participation in the program to include all veteran-owned small

businesses. The program receives an annual general fund appropriation. ***Senate Bill 896* (passed)** establishes a special, nonlapsing fund to provide no-interest loans under the existing program. DBED may use money in the fund to provide loans to eligible applicants, subject to specified requirements.

Regional Economic Development

Washington County Tax Increment Financing

Tax increment financing (TIF) is a public financing method that uses future gains in tax revenues to finance current improvements. The increase in the property tax revenue generated by new commercial development in a specific area, the TIF district, pays for bonds issued to finance site improvements, infrastructure, and other project costs located on public property. All counties and municipalities are authorized to utilize tax increment financing under the Tax Increment Financing Act. ***Senate Bill 913* (passed)** expands the eligible uses of proceeds from bonds issued for TIF projects in Washington County. Additional eligible uses include (1) demolition or site removal, including on property that is privately owned and intended to remain privately owned; (2) pedestrian or vehicular bridges or overpasses, including railroad crossings and related improvements; or (3) parking lots, facilities, or structures of any type, whether publicly or privately owned or available for public or private use.

Tri-County Council for Southern Maryland

The Tri-County Council of Southern Maryland is a cooperative planning and development unit for Calvert, Charles, and St. Mary's counties. The Southern Maryland Agricultural Development Commission (SMADC) is a part of the council and works with the council to develop programs to stabilize the region's agricultural economy as Maryland farmers transition away from tobacco production. In order for SMADC to acquire property to develop a regional food hub, ***Senate Bill 909* (passed)** gives limited authority to the council to use specified money to finance the purchase or lease of property. For a more detailed discussion of ***Senate Bill 909***, see the subpart "Agriculture" within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

Miscellaneous

Unmanned Aircraft Systems Research, Development, Regulation, and Privacy Act

No statewide law exists governing exclusively the operation of unmanned aircraft systems. An unmanned aircraft system ("UAS") means an unmanned aircraft and all the associated support equipment. ***Senate Bill 370* (passed)** establishes that only the State may enact a law or take any other action to prohibit, restrict, or regulate the testing or operation of UAS in the State. Further, the bill preempts the authority of a county or municipality to prohibit, restrict, or regulate the testing or operation of UAS. The bill also supersedes any existing law or ordinance of a county or municipality that does so, but it does not affect federal preemption of State law. The bill establishes the following three reporting requirements:

- DBED, in consultation with other specified entities, must report to the General Assembly by December 31, 2015, on specified benefits, policies, and guidelines related to unmanned aircraft systems;

- DBED and the Maryland Department of Transportation must report to the Governor and the General Assembly on similar specified findings and recommendations on any proposed federal regulations or rulemakings related to the regulation of the operation of small commercial unmanned aircraft; and

- the Department of State Police, the Maryland Aviation Administration, local law enforcement officials, and other appropriate local government officials must report to the Governor and the General Assembly by December 31, 2018, on findings and recommendations regarding possible changes to State law or local regulatory authority needed to support governance or enforcement efforts of UAS.

Public-private Partnership Construction Contracts

***Senate Bill 453/House Bill 936* (both passed)** clarify that the amount of the payment security and any performance security in the form of a performance bond submitted for a construction contract under a public-private partnership (P3) must be based on the value of the respective construction elements and not on the total value of the P3 agreement.

Housing and Community Development

Housing Programs

Department of Housing and Community Development

The Community Development Administration (CDA) in the Department of Housing and Community Development (DHCD) offers several different financial assistance programs to families of limited income or to sponsors of community development projects so as to encourage homeownership. ***House Bill 182* (Ch. 75)** expands CDA's financial assistance authority by implementing one of the primary recommendations of the Neighborhood Stabilization and Homeownership Workgroup, which was appointed by Speaker Michael E. Busch in spring 2014 and organized under the Sustainable Growth Commission. Specifically, the Act authorizes CDA to make, participate in making, and undertake a commitment for the refinancing of a residential mortgage loan of a homeowner if the loan was made by DHCD or CDA. The Secretary of Housing and Community Development must determine the terms and qualifications for these loans.

Similarly, ***Chapter 75*** authorizes CDA to purchase from an eligible mortgage lender a note or mortgage that evidences a residential mortgage loan (1) to a homeowner for the purchase or rehabilitation of the homeowner's primary residence if the primary residence is located in a sustainable community or (2) for the refinancing of a residential mortgage loan made by DHCD or CDA. A "sustainable community" is defined as the part of a priority funding area that (1) as determined by the Smart Growth Subcabinet, satisfies specified requirements; (2) has been

designated as a Base Realignment and Closure Revitalization and Incentive Zone; or (3) has been designated as a transit-oriented development.

Housing Authority of Baltimore City

Baltimore City reports that its housing authority, the Housing Authority of Baltimore City (HABC), has experienced significant funding cuts and reduced support from the federal government, which has created significant challenges for the maintenance and upkeep of its housing inventory. HABC has pursued several strategies to address these challenges, including using third-party entities to allow HABC to leverage the maximum available capital financing. Accordingly, ***Senate Bill 355/House Bill 543* (both passed)** expand the definition of an HABC entity to include an entity that HABC controls or in which HABC has an ownership interest, either directly or indirectly through one or more wholly or partially owned subsidiary entities. These entities are also extended a specified real property tax exemption, provided that they enter into payment-in-lieu of taxes agreements with the city.

Building Construction and Life Safety Standards

Energy Codes

DHCD currently incorporates by reference the 2015 International Building Code (IBC), including the 2015 International Energy Conservation Code (IECC), with modifications, as Maryland Building Performance Standards (MBPS). In general, the standards apply to all buildings and structures in the State for which a building permit application is received by a local government. IECC regulates the design and construction of buildings for the effective use and conservation of energy over the useful life of each building. The code is intended to provide flexibility to permit the use of innovative approaches and techniques to achieve this objective. ***Senate Bill 262*/*House Bill 323* (both passed)** expand the flexibility of these standards by requiring DHCD to adopt modifications to MBPS that allow any innovative approach, design, equipment, or method of construction that can be demonstrated to offer performance that is at least the equivalent to the requirements of IECC; Chapter 13, "Energy Efficiency," of IBC; or Chapter 11, "Energy Efficiency," of the International Residential Code. For a further discussion of ***Senate Bill 262*/*House Bill 323***, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Carbon Monoxide Alarms

Senate Bill 107* (passed)**, an emergency bill, requires a hotel or a lodging or rooming house to install a carbon monoxide alarm in specified rooms and areas of the dwelling by April 1, 2017. Alternatively, if there is a centralized alarm system that is capable of emitting a distinct and audible sound to warn all occupants, the owner of a hotel or a lodging or rooming house may install a carbon monoxide alarm within 25 feet of any carbon monoxide-producing fixture and equipment. ***Senate Bill 107 modifies the definition of "carbon monoxide alarm" so that, for a hotel or a lodging or rooming house, the device (1) is wired into an alternating current power line with secondary battery backup; (2) is battery powered, sealed, tamper resistant, and using a long-life battery with a life of not less than 10 years; or (3) is connected to an on-site control unit that monitors the

carbon monoxide alarm remotely so that a responsible party is alerted when the device activates the alarm signal and receives its primary power from a battery or the control unit. For a further discussion of ***Senate Bill 107***, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Workers' Compensation

Benefits

Workers' compensation law establishes a presumption of compensable occupational disease for certain public employees who are exposed to unusual hazards in the course of their employment. It is assumed that these injuries or diseases are due to the employee's work and, therefore, no additional evidence is required in the filing of a claim for workers' compensation. ***Senate Bill 135/House Bill 173*** ***(both passed)*** extend to Anne Arundel County detention officers an occupational disease presumption for heart disease or hypertension that results in partial or total disability or death. The presumption applies only to the extent that the individual suffers from heart disease or hypertension that is more severe than the individual's condition prior to being employed as a detention officer.

Certain public safety employees – including specified volunteer and paid firefighters, paramedics, and law enforcement officers – are entitled to receive enhanced workers' compensation benefits for permanent partial disabilities that are determined to be compensable for fewer than 75 weeks. Under current law, an employee who is not entitled to enhanced benefits is compensated at a rate that equals one-third of the employee's average weekly wage, not to exceed 16.7% of the State average weekly wage. ***Senate Bill 135***/***House Bill 173*** alter the definition of "public safety employee" to include Anne Arundel County detention officers, making these officers eligible for enhanced workers' compensation benefits for permanent partial disabilities that are determined to be compensable for fewer than 75 weeks. Similarly, ***Senate Bill 331/House Bill 12*** ***(both passed)*** alter the definition of "public safety employee" to include a Baltimore County deputy sheriff who sustains an accidental personal injury that arises out of and in the course and scope of performing duties directly related to (1) courthouse security; (2) prisoner transportation; (3) service of warrants; (4) personnel management; or (5) other administrative duties. A public safety employee who is awarded compensation for a period of fewer than 75 weeks for a permanent partial disability is compensated by the employer or its insurer at an enhanced rate that is equal to the rate for claims that are determined to be compensable for 75 to 250 weeks (two-thirds of the employee's average weekly wage, not to exceed one-third of the State average weekly wage). The bills apply only prospectively and do not have any effect on or application to claims arising before October 1, 2015.

Chesapeake Employers' Insurance Company

Chapter 570 of 2012 converted the Injured Workers' Insurance Fund into a private, nonprofit, and nonstock workers' compensation insurer as of October 1, 2013. This new organization is the Chesapeake Employers' Insurance Company (Chesapeake). ***Senate Bill 465***

(Ch. 36) subjects Chesapeake to Title 11 of the Insurance Article, which requires workers' compensation insurers in the State to join a rating organization, beginning January 1, 2023. Additionally, the rating organization must (1) make annual reports beginning October 1, 2016, and ending October 1, 2022, to specified committees of the General Assembly concerning the status of Chesapeake joining the rating organization and (2) create a classification code for governmental occupations that are not already included in police, firefighter, and clerical classifications. Although the provisions related to the classification code requirement for the rating organization take effect January 1, 2022, the Act states that it is the intent of the General Assembly that the selected rating organization create an exception in its classification system on or before January 1, 2022, to allow any authorized insurer in the State to use a single classification code for governmental occupations that are not included in police, firefighter, and clerical classifications.

In addition, ***Chapter 36*** authorizes Chesapeake to establish, own, or control a subsidiary for any lawful purpose if the subsidiary (1) is, or after acquisition will be, wholly owned by Chesapeake; (2) engages in a business activity that is ancillary to the workers' compensation insurance business; and (3) is operated for the purposes of benefiting Chesapeake. Furthermore, the Act alters the selection process for the Chesapeake board members. Under the Act, two of the board's nine members must be appointed by the Governor; the remaining seven members must be appointed by policyholders under the procedures required by the board's bylaws. The Act authorizes the removal of board members under certain circumstances and specifies, through a transition process, the appointment dates and term limits of board members through 2029. Specifically, the Governor shall appoint board members whose terms expire in 2015 through 2019. As these new terms expire, the policyholders begin to appoint their seven members. Finally, the Act requires the Insurance Commissioner to review the State's self-insured workers' compensation program for State employees at least once every five years and submit a report of its findings to the State Treasurer. These provisions take effect October 1, 2015.

Unemployment Insurance

During the 2015 session, there was no significant activity in the area of unemployment insurance.

Labor and Industry

Leave Policies

A private-sector employer with 15 or more employees who provides paid leave to its employees must allow an employee to use earned paid leave to care for immediate family members, including a child, spouse, or parent, with an illness. An employer is prohibited from taking disciplinary or retaliatory action against an employee who used paid leave to care for an immediate family member, or against an employee who files a complaint, testifies against, or assists in an action brought against the employer. ***House Bill 345*** ***(passed)*** prohibits an employer from taking disciplinary or retaliatory action against an employee because the employee has

requested leave with pay due to an illness of a member of the employee's immediate family. Additionally, the bill voids any agreement between an employer and an employee to waive provisions relating to the use of paid leave due to an illness of a member of the employee's immediate family.

Employment Discrimination

Discrimination in employment based on an individual's race, color, religion, national origin, sex, age, marital status, sexual orientation, gender identity, or disability is prohibited. The prohibition generally covers employers with 15 or more employees. Employers are also prohibited from failing or refusing to make a reasonable accommodation for the known disability of an otherwise qualified employee. ***Senate Bill 604*** ***(Ch. 43)*** extend these prohibitions to include acts against interns or applicants for internships. For a more detailed discussion of ***Chapter 43*** see the subpart "Human Relations" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Education and Workforce Training Coordinating Council

The Education and Workforce Training Coordinating Council for Correctional Institutions must develop and recommend educational and workforce training programs for adult correctional institutions in the State. In addition, the council must advocate and promote the interests of educational programs and workforce skills training opportunities in correctional institutions, and regularly review these programs to ensure that educational and training needs of inmates are being met. ***House Bill 1244*** ***(Ch. 123)*** changes the name of the Education and Workforce Training Coordinating Council for Correctional Institutions to the Correctional Education Council.

Alcoholic Beverages (Statewide)

Ban on Powdered Alcohol

Palcohol is a prepackaged powder that can be dissolved in a liquid to produce an alcoholic beverage. The Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury approved labels for Palcohol on March 10, 2015, making it legal for Palcohol to be sold in the United States. Additionally, the U.S. Food and Drug Administration has determined that the nonalcohol ingredients in Palcohol comply with agency regulations. The National Conference of State Legislatures reports that Alaska, Louisiana, South Carolina, Vermont, and Virginia prohibit the sale of powdered alcohol.

Senate Bill 937/***House Bill 1288*** ***(both passed)*** make Maryland the sixth state to do so. Specifically, the bills prohibit a person from selling or offering for sale alcoholic beverages that are sold in powder or crystalline form to be used directly or in combination with water or any other substance. A violator is guilty of a misdemeanor and on conviction is subject to a fine of up to $1,000. The bills terminate on June 30, 2016.

In March 2015, Maryland liquor sellers and distributors agreed with the Comptroller to ban the sale and distribution of Palcohol in Maryland indefinitely.

Beer and Breweries

A Class 5 brewery licensee is authorized to (1) establish and operate a plant in Maryland for brewing and bottling malt beverages at the location described in the license; (2) import beer from holders of nonresident dealer's permits; and (3) sell and deliver an unlimited quantity of beer to any wholesale licensee in the State, or person outside of this State, authorized to acquire it. A Class 7 micro-brewery licensee may sell up to 4,000 barrels of beer to customers for consumption on the premises and may collectively brew, bottle, or contract for up to 22,500 barrels of malt beverages each calendar year.

Micro-breweries

***Senate Bill 643*/*House Bill 330* (both passed)** authorize the holder of a Class 7 micro-brewery license to apply for and obtain one additional micro-brewery license for another premise under specified conditions. A holder of one or two micro-brewery licenses may (1) distribute not more than 3,000 barrels of beer; (2) brew, bottle, or contract for not more than 22,500 barrels; and (3) sell up to 4,000 barrels for on-premises consumption. All of these limits are for barrels produced in aggregate from all of the licensee's premises.

Beer Festivals

***Senate Bill 673*/*House Bill 526* (both passed)** establish a nonprofit beer festival permit. A local licensing board may issue the beer festival permit to nonprofit organizations that meet specified requirements. The permit fee is $100. The bills also authorize the Comptroller's Office to issue a brewing company off-site permit to a Class 5 brewery, a Class 7 micro-brewery, or a Class 8 farm brewery and to license or allow these licensees to participate in specified festivals, farmers' markets, fairs, and other events.

Wine and Wineries

Winery Off-site Permits

The Comptroller may issue a winery off-site permit to a Class 4 limited winery. The permit may be used only (1) during the Montgomery County Agricultural Fair; (2) one night each week from June through November at the North Beach Friday Night Farmers' Market; (3) at an event that has as its major purpose an activity that is other than the sale and promotion of alcoholic beverages and for which the participation of a winery is a subordinate activity; (4) at farmers' markets that are listed on the farmers' market directory of the Maryland Department of Agriculture; and (5) at a wine festival that has as its primary purpose the promotion of Maryland wine and is authorized by the Comptroller.

***House Bill 290* (passed)** requires a winery off-site permit holder to notify the Comptroller's Office of its intention to attend an off-site event within a time period as determined by the

Comptroller's Office, instead of no later than the twentieth day of the month preceding the off-site event. The bill also increases, from 21 to 32, the number of events that a winery off-site permit holder may attend statewide in a calendar year.

Direct Wine Shipper's Permits

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. To qualify for a direct wine shipper's permit, the applicant must be (1) a person licensed outside of the State to engage in the manufacture of wine or (2) a holder of a State-issued Class 3 (winery) or Class 4 (limited winery) manufacturer's license.

***House Bill 291* (passed)** requires a direct wine shipper to report to the Comptroller's Office, in a manner determined by the Comptroller's Office, information about the direct wine shipper's wine shipments, instead of reporting quarterly to the Comptroller's Office on the total amount of wine, by type, shipped in the State, the price charged, and the name and address of each purchaser.

Judicial Review of Local Licensing Board Decisions

The decision of a local licensing board to approve, deny, suspend, revoke, or restrict a license is subject to judicial review by a circuit court. A licensee, license applicant, or group that seeks judicial review of a decision of a local licensing board must be aggrieved by the decision of the board and must have appeared at the hearing of the board either in person, by a representative, or by the submission of a written document that was introduced at the hearing. Upon the filing of a petition for judicial review, the local licensing board may stay its order until a final determination is made.

***House Bill 64* (passed)** repeals the 90-day time limit for a circuit court to affirm, modify, or reverse a local alcoholic beverages licensing board's decision to approve, deny, suspend, revoke, or restrict a license.

Legal Drinking Age

***Senate Bill 213* (failed)** would have authorized the sale or providing of beer or wine for consumption on the licensed premises of a bar or restaurant to a person who is at least 18 years old and an active duty member of the U.S. Armed Forces. However, the Federal Uniform Drinking Age Act of 1984 specifies that a qualification for receipt of various federal highway funds is that states must have laws that prohibit the purchase or possession of any alcoholic beverage by a person who is younger than age 21. The penalty for noncompliance with these provisions is the withholding of 10% of federal apportionment for Interstate Maintenance, National Highway System, and Surface Transportation Program Funds.

Supermarket Licenses

Chapter 99 of 1962 prohibited the issuance, transfer, or grant of Class A, B, or D beer, wine, and liquor licenses, except by way of renewal, to chain stores, supermarkets, or discount houses. Additionally, Chapter 991 of 1978 prohibited the issuance, transfer, or grant of Class A, B, or D beer; beer and wine; or beer, wine, and liquor licenses, except by way of renewal, to chain stores, supermarkets, or discount houses. However, there are still a number of grandfathered licensees in Maryland that are grocery stores or convenience stores that have retained the privilege to sell beer and wine on their premises.

***Senate Bill 704*/*House Bill 311* (both failed)** would have authorized a supermarket to obtain a license to sell alcoholic beverages to customers if the supermarket devoted a substantial portion of its operation to providing food prepared in the supermarket for consumption in a designated dining area and met other specified requirements.

Alcoholic Beverages

Local Bills

Allegany County

Micro-brewery/Restaurant License: ***Senate Bill 644/House Bill 515* (both passed)** establish a special Class B-MB (micro-brewery/restaurant) license in Allegany County. The annual license fee is $900. The Allegany Board of License Commissioners may issue a special Class B-MB license to a holder of a Class 7 (micro-brewery) manufacturer's license. The license holder may sell at retail beer and light wine by the drink or by the bottle for on-premises consumption and liquor by the drink for on-premises consumption, in areas including a banquet room and a patio on the licensed premises. Alcoholic beverages may be sold on Monday through Saturday from 7 a.m. to 2 a.m. the following day, and on Sunday from 1 p.m. to 2 a.m. the following day. The license holder may also sell beer and light wine by the bottle for off-premises consumption on Monday through Saturday from 7 a.m. to 2 a.m. the following day.

Baltimore City

Penalties for Sales to Underage Persons: ***Senate Bill 921/House Bill 868* (both passed)** increase the maximum fine, from $500 to $1,000, that the Baltimore City Board of License Commissioners may impose for a first offense of selling alcoholic beverages to a person under 21 years of age.

Belvedere Square: ***Senate Bill 339* (Ch. 26)** repeals a prohibition on the issuance of a new alcoholic beverages license within, or the transfer of an existing license into a specified geographic area in Baltimore City. Instead, the Act establishes a new prohibition on the transfer of an existing Class A license to (1) an establishment on York Road in the area bounded by Northern Parkway on the north and Greenmount Avenue on the south or (2) an establishment located in the 400 block and 500 block of East Belvedere Avenue. The Act also authorizes the consumption of alcoholic

beverages in any indoor or outdoor seating area located at 511 through 529 East Belvedere Avenue, and while crossing East Belvedere Avenue during a permitted special event while the street is closed.

Transfer or Issuance of Licenses: ***Senate Bill 818*** ***(Ch. 54)*** authorizes the Baltimore City Board of Liquor License Commissioners (BLLC) to issue a Class BWLT beer, wine, and liquor (on-premises) tasting license to a holder of a Class A beer, wine, and liquor license in the 3000 block of Frederick Avenue in Ward 20, precinct 9 of Legislative District 44A in Baltimore City, based on the Legislative Districting Plan of 2012. The Act also adds an exception to a prohibition against the transfer or issuance of a license within 300 feet of a church or school for an area in the 46th alcoholic beverages district near Cross Street Market if BLLC (1) has executed a memorandum of understanding (MOU) with a community organization in that area regarding the nature of the proposed establishment and (2) enforces the MOU.

Calvert County

Bottle Clubs: ***Senate Bill 361/House Bill 544*** ***(both passed)*** define a "bottle club" in Calvert County as an establishment that is (1) a restaurant that accommodates the public and is equipped with a dining room with facilities for preparing and serving regular meals or (2) a nightclub that offers the public music, dancing, or other nighttime entertainment. The bills prohibit a bottle club that is not licensed by the Calvert County Board of License Commissioners from giving, serving, dispensing, keeping, or allowing to be consumed any alcoholic beverages on its premises or on a premises under its control or possession.

Carroll County

Sunday Hours of Sale: ***Senate Bill 719/House Bill 117*** ***(both passed)*** alter the hours of sale, on Sundays, for holders of Class A off-sale licenses in Carroll County, authorizing license holders to sell alcoholic beverages between 8 a.m. and 11 p.m., instead of 11 a.m. and 11 p.m. The bills also clarify that the provision of law modified by the bills applies to Class A off-sale licenses.

Charles County

License Fees: ***House Bill 137*** ***(passed)*** increases license fees for the sale of alcoholic beverages in Charles County as shown in **Exhibit H-2**.

Exhibit H-2
Increase in Charles County Alcoholic Beverage License Fees

License Class	Allowed Beverages	Current License Fee	Proposed License Fee
Class A	beer, wine, and liquor	$480	$960
Class C	beer, wine, and liquor	$300	$350
Class D on-sale/off-sale	beer	$180	$240
Class D on-sale/off-sale	beer and light wine	$240	$340
Class D on-sale/off-sale	beer, wine, and liquor	$1,140	$1,320
Class D off-sale liquor and on-sale/off-sale beer and wine	beer, wine, and liquor	$720	$1,020
Class H (hotel) on-sale	beer and light wine	$240	$340
Special Class C[1]	beer, wine, and liquor	$15 per day	$25 per day
Special Class D[2]	beer	$25	$45

[1]May only be issued to a club, society, or association.
[2]May only be issued to a bona fide religious, fraternal, civic, veterans', hospital, or charitable organization.

Source: Department of Legislative Services

The bill also establishes additional annual fees that apply when license holders provide live entertainment or outdoor table service in Charles County under Class C, D, and H on-sale licenses. Both fees are $200; thus, a licensee that provides both live entertainment and outdoor table service pays an additional $400.

Certification for License Application: ***House Bill 589 (Ch. 97)*** requires the Treasurer of Charles County, instead of the Office of the County Supervisor of Assessments, to prepare a certification showing the value of specified merchandise, fixtures, and stock-in-trade, as certified to the county by the State Department of Assessments and Taxation (SDAT) for a business that is applying for, transferring, or renewing an alcoholic beverages license.

Refillable Container Permit: ***Senate Bill 354/House Bill 756 (both passed)*** authorize the Charles County Board of License Commissioners to issue a refillable container permit to the holder of a Class A, Class B, or Class D license to sell draft beer. The annual permit fee in Charles County is $500 for an applicant whose alcoholic beverages license does not have an off-sale privilege, and $50 for an applicant whose license has an off-sale privilege. The board may adopt regulations to implement the refillable container provisions.

City of Annapolis

Election Days: ***Senate Bill 89/House Bill 447 (both passed)*** exempt the City of Annapolis from provisions of law that prohibit the selling or providing of alcoholic beverages on an election

day during the hours when the polls are open in any election district or precinct where an election is being held.

Frederick County

Multiple Event and Promoter's Licenses: ***Senate Bill 502/House Bill 242*** ***(both passed)*** authorize an applicant in Frederick County to purchase a single-day or a multiday special Class C license. The license fee is $10 per day for a single-day or multiday special Class C beer license or beer and wine license, or $30 per day for a single-day or multiday special Class C beer, wine, and liquor license. The bills also establish a promoter's license in Frederick County. If fewer than 1,000 individuals are anticipated to attend, the fee is $250. If 1,001 to 3,000 individuals are anticipated, the fee is $600. If more than 3,000 individuals are anticipated, the fee is $1,000.

Sunday Sales: ***House Bill 245*** ***(Ch. 81)*** authorizes the Frederick County Board of License Commissioners to set the on-sale Sunday hours, for specific events approved by the board, during which the holder of any class of on-sale license except Class E (on-sale – steamboats), may sell alcoholic beverages for consumption on the licensed premises. Thus, for approved special events, the board may set hours that vary from the Sunday hours currently allowed (11 a.m. to 2 a.m.).

Notice for License Applications, Fees, and Inspectors: ***Senate Bill 503/House Bill 246*** ***(both passed)*** (1) allow the Frederick County Board of License Commissioners to fulfill the statutory requirement of providing notice of application for a license by posting online a completed application at least 14 days before the hearing date; (2) eliminate the $1 fee (payable to the board) to obtain a "certificate of permission" following the death of a license holder, and the $1 fee (paid to the Comptroller) for a specified "new license" following the death or incapacitation of all named individuals on a Class E (steamboat), Class F (railroad), or Class E (airplane) license issued to a company; (3) authorize the board to appoint one chief alcoholic beverages inspector and not more than one additional full-time inspector or two part-time inspectors; and (4) clarify that the chief alcoholic beverages inspector, a full-time alcoholic beverages inspector, a part-time alcoholic beverages inspector, and an employee of the board, may not hold interests in a premises, business, or corporation involved in the sale or manufacturing of alcoholic beverages

Wine Events, Licensing, Alcohol Awareness Requirements, and Fines: ***Senate Bill 500/House Bill 273*** ***(both passed)*** restrict the number of bottles of wine that may be open at any one time at a wine sampling or tasting event held under a beer, wine, and liquor tasting (BWLT) license in Frederick County. The bills require an applicant for a license to collect 10 signatures for the required certificate from owners of real property within 5,000 feet of the premises for which a license is sought, and create a process to be followed if there are not enough individuals within the area. The bills require that an alcoholic beverages licensee or a person employed as a supervisor by a licensee be certified by an approved alcohol awareness program and be present at the location when alcoholic beverages are sold. Finally, the bills increase the maximum fine that the board may impose from $1,500 to $3,000 per offense for any violation that is cause for suspension, and authorize the board to reduce a suspension by allowing the licensee to pay a fine of up to $1,000 for each week the suspension is reduced.

Retirement Center License: ***Senate Bill 499/House Bill 275*** ***(both passed)*** establish a special Class C (retirement center) on-sale beer, wine, and liquor license in Frederick County. The board of license commissioners may issue the license by converting a special Class C (club) license held on behalf of a retirement center into the retirement center license. The annual license fee is $1,500. The license authorizes the holder to sell at retail beer, wine, and liquor to residents and guests at the licensed premises for on-premises consumption. The license holder may sell for off-premises consumption only special anniversary or special event collectable bottles of wine or liquor not more than 30 days before the anniversary or special event. Organizations that rent the premises for an event may serve alcoholic beverages that the license holder provides. The number of such events is limited to 25 per year, and the events may be open to the public.

Alcoholic Beverages Licenses: ***Senate Bill 902*** ***(passed)*** establishes a Class B-CC (conference center) beer, wine, and liquor license and authorizes the Frederick County Board of License Commissioners to issue the license to an establishment with (1) at least 150 bedrooms for the accommodation of the public; (2) at least one dining area with facilities for preparing and serving regular meals; (3) rooms for meetings, displays, banquets, balls, dancing, and live entertainment; and (4) a nightclub area equipped with a bar and an entertainment or dancing area. The annual license fee is $2,000. Alcohol may be sold (1) Monday through Saturday, from 6:00 a.m. to 2:00 a.m. the following day and (2) on Sunday, from 11:00 a.m. to 2:00 a.m. the following day.

The bill also establishes a Class MEC (micro-brewery/entertainment center) license that may be issued for use in conjunction with a Class 7 micro-brewery license. The entertainment center license authorizes the license holder to sell, for on-premises consumption, malt beverages that are brewed in the license holder's micro-brewery. The annual license fee is $1,500. Alcohol may be sold (1) Monday through Saturday, from 6:00 a.m. to 2:00 a.m. the following day and (2) on Sunday, from 11:00 a.m. to 2:00 a.m. the following day.

The bill specifies that the Class 7 and the Class B-CC license may be issued for use in the Ballenger (23rd) Election District. The bill also establishes a Class B license for use in the Ballenger Election District that may be issued to a luxury-type restaurant that meets certain conditions. Finally, the bill specifies that current law limitations on the number of alcoholic beverages licenses that a single licensee may hold do not apply to the bill's two new classifications of alcoholic beverages license or the Class B license for use in the Ballenger Election District.

Garrett County

Sunday Sales: ***House Bill 139*** ***(Ch. 71)*** repeals the requirement for a holder of a special Class C license in Garrett County that a consumer order a meal simultaneously or prior to placing an order for an alcoholic beverage, or be entitled to a meal on the premises as part of a prearranged event, before the consumer is served an alcoholic beverage in specified establishments on a Sunday.

Multiple Event License: ***Senate Bill 715/House Bill 523*** ***(both passed)*** require an organization that is issued a special multiple event Class C license by the Garrett County Board of

License Commissioners to ensure that at least one server who is certified by an approved alcohol awareness program is on the premises when alcoholic beverages are served. For a license holder who has an approved licensed premises, alcoholic beverages may be stored on the licensed premises between the individual licensed events in a storage area that the board approves if the alcoholic beverages are in a specially identified, locked and secured location and are not sold or consumed except during a licensed event.

Harford County

Applications for Alcoholic Beverages Licenses: ***House Bill 328*** ***(Ch. 86)*** repeals the requirement that every application for an alcoholic beverages license filed in Harford County must contain a certificate that (1) is signed by at least 10 citizens who are owners of real estate and registered voters of the precinct in which the business is to be located; (2) states the length of time each signer has known the applicant, or, in the case of a corporation, the individuals making the application; (3) states that the signers have examined the application and that they believe that all the statements contained in the application are true; and (4) states that the signers believe the applicant is a suitable person to obtain the license. The bill also repeals the requirement that the certificate must have a statement that the signers are familiar with the premises where the proposed business will be located and that they believe the location and building are suitable for the business of selling alcoholic beverages.

Inspectors: ***House Bill 329*** ***(Ch. 87)*** authorizes the Harford County Liquor Control Board and general manager to appoint alcoholic beverages inspectors as necessary to provide appropriate control over newly created alcoholic beverages licensees. The Act repeals a provision that limited the board and general manager to appointing, in addition to inspectors serving before July 1, 1979, additional inspectors as necessary to provide appropriate control over newly created Class A off-sale licensees.

Class DBR License: ***House Bill 399*** ***(Ch. 89)*** establishes a Class DBR license in Harford County. The annual license fee is $500. The Harford County Board of License Commissioners may issue a Class DBR license to a holder of a Class 5 manufacturer's (brewery) license. A Class DBR license serves as the on-site consumption permit and the license equivalent to a Class D license. The Act authorizes the holder of a Class DBR license to sell beer brewed at the brewery, but caps the sale of beer for on-premises consumption at 500 barrels per year. A license holder may not sell beer for off-premises consumption beyond what is allowed under the license holder's Class 5 manufacturer's (brewery) license. A license holder is not required to sell food, but is required to provide prepackaged snacks.

Refillable Wine Containers: ***Senate Bill 299/House Bill 475*** ***(both passed)*** expand the refillable container permit in Harford County, which currently only applies to beer, to include wine. The existing $50 permit fee applicable to refillable beer container permits in Harford County applies. The bills also modify the hours of sale for any fluid (beer or wine) in a refillable container in Harford County to reflect the underlying license's hours.

Residency Requirements: ***House Bill 527*** ***(Ch. 92)*** repeals Chapter 644 of 2014, which altered residency requirements for certain business entities applying for alcoholic beverages

licenses in Harford County. If an application is made for specified entities, the applicant must be a resident of Harford County for at least one year before filing the application and must remain a resident as long as the license is in effect. The applicant is not required to be a registered voter. If an application is made for a corporation or an limited liability company, the application must be applied for by, and be issued to, three of the officers holding a pecuniary interest in the corporation or three of the authorized persons holding a pecuniary interest in the limited liability company, as individuals, for the use of the corporation or limited liability company, as the case may be. One of the applicants must be a bona fide resident of the county and the license remains valid only as long as the resident applicant remains a resident of the county. A resident applicant must (1) own at least 25% of the total business, except that in the case of an applicant for a Class B (beer, wine, and liquor) license, the resident applicant must own at least 10% of the total business; (2) serve as manager or supervisor; and (3) be physically present on the premises a substantial amount of time on a daily basis.

Class B Cafe Licenses: ***House Bill 845*** ***(Ch. 107)*** authorizes the Harford County Liquor Control Board to issue a special Class B Cafe beer, wine, and liquor license in Harford County. The annual license fee is $3,000. The special license authorizes the holder to sell beer and wine for consumption on or off the licensed premises and liquor for consumption on the licensed premises. A special cafe license is a seven-day license with an on-premises wine tasting privilege for every day of the year. In addition, the special license may be used for off-premises catering. The Act also repeals the statutory limit on the number of existing Class B Cafe beer and wine licenses, requires the board to set the maximum number of such licenses that it may issue, and allows the license to be used for off-premises catering.

Howard County

Hearing Board Compensation: ***House Bill 145*** ***(Ch. 72)*** repeals the existing statutory compensation amounts for members of the Appointed Alcoholic Beverage Hearing Board in Howard County and instead authorizes the Howard County Council to set the compensation for board members.

Special Event – Education Permits: ***House Bill 424*** ***(Ch. 90)*** authorizes the Howard County Board of License Commissioners to issue a special event – education beer and wine tasting (BWT) alcoholic beverages permit and a special event-education beer, wine, and liquor tasting (BWLT) permit. These permits are to be used at an event at which a speaker provides instruction on how to develop a foundation of alcoholic beverages knowledge. Topics include styles of beer, wine, and liquor; methods of tasting; pairing food with beer, wine, and liquor; and serving, storing, and buying beer, wine, and liquor. A holder of a Class A beer and wine (BW) license may be issued a BWT permit, and a holder of a Class A beer, wine, and liquor (BWL) license may be issued a BWT or a BWLT permit. The annual permit fee for each is $100.

Kent County

Class B Wine Shop and Lounge License: ***Senate Bill 139/House Bill 877*** ***(both passed)*** establish a Class B wine shop and lounge alcoholic beverages license in Kent County. The annual license fee is $300. The license authorizes the sale of wine for consumption on or off the licensed

premises, and authorizes the holder to sell or serve certain foods. The license holder is not subject to any requirement regarding the percentage of receipts derived from the sale of food. An individual younger than the legal drinking age may enter the licensed premises.

Montgomery County

Refillable Wine Containers: ***House Bill 88*** ***(Ch. 61)*** authorizes the Montgomery County Board of License Commissioners to issue a refillable wine container permit to the holder of an alcoholic beverages license that allows the sale of wine for off-premises consumption. The refillable container must meet the standards specified in current statewide law for refillable wine containers. The board must issue the refillable wine container permit at no cost to the applicant.

License Requirements: ***Senate Bill 426/House Bill 90*** ***(both passed)*** replace the requirement that an applicant for an alcoholic beverages license in Montgomery County be a county resident with a requirement that the applicant be a resident of the State. Additionally, an applicant who applies on behalf of specified business entities may meet any registered voter, taxpayer, or residency requirements by being a resident of the State.

Distance Restrictions: Generally, the Montgomery County Board of License Commissioners is prohibited from issuing a license to sell alcoholic beverages within 750 feet of an elementary or secondary school, certain youth centers, or a church or other place of worship. ***House Bill 95*** ***(Ch. 66)*** authorizes the board, by majority vote, to issue a Class B beer, wine, and liquor (on-sale) license for a restaurant located more than 275 feet from a church or other place of worship if (1) the restaurant is located in a shopping center in Gaithersburg in Montgomery County that is bordered by Maryland Route 355, Central Avenue, Poplarwood Place, and North Westland Drive and (2) a prior owner or tenant at the site of the restaurant held an alcoholic beverages license.

Class BD-BWL License: ***House Bill 89*** ***(Ch. 62)*** establishes a Class BD-BWL alcoholic beverages license in Montgomery County. The annual license fee is $3,500. The license authorizes the sale of beer and wine for consumption on or off the licensed premises, as well as liquor for consumption only on the licensed premises. On any day of the week, alcoholic beverages may be sold (1) for consumption on the licensed premises from 10 a.m. to 2 a.m. the following day and (2) for consumption off the licensed premises from 6 a.m. to 1 a.m. the following day. The holder may also (1) hold a Class 7 micro-brewery license issued for a location in Montgomery County and (2) obtain a refillable container permit for draft beer. A single license holder may not hold more than one Class BD-BWL license, and a Class BD-BWL license may be issued in the City of Takoma Park.

Laytonsville: ***House Bill 91*** ***(Ch. 63)*** repeals the authority of the Montgomery County Board of License Commissioners to issue up to two Class H (on-sale) beer and light wine, hotel and restaurant licenses for use in the town of Laytonsville. In place of the Class H license, the Act authorizes the board to issue up to two Class B (on-sale) beer, wine, and liquor licenses for use in the town of Laytonsville. The license may be issued to a restaurant containing recreational devices.

Wine Auction Permits: ***House Bill 92*** ***(Ch. 64)*** repeals a provision that prohibits the Office of the Comptroller from issuing a one-day wine auction permit to a charitable organization for use in Montgomery County. Thus, the Act authorizes the Office of the Comptroller to issue such a permit for use in Montgomery County. The Act also authorizes the holder of a wine auction permit in Montgomery County to receive and sell wine from the same sources as permit holders in other jurisdictions under the law already in effect.

One-day License: ***House Bill 93*** ***(Ch. 65)*** specifies that alcoholic beverages license restrictions related to distances from schools, places of worship, and youth centers in Montgomery County do not apply to a special culinary license or to one-day special licenses for use on the premises of (1) elementary or secondary schools; (2) places of worship; or (3) youth centers sponsored or conducted by a governmental agency.

Wineries: ***House Bill 202*** ***(Ch. 77)*** authorizes the Montgomery County Board of License Commissioners to issue a Class D beer and light wine license to the holder of a Class 3 (winery) Manufacturer's license in Montgomery County that produces no more than 20,000 gallons per year.

Takoma Park: ***House Bill 316*** ***(Ch. 85)*** repeals the authority of the Montgomery County Board of License Commissioners to issue a (1) Class H-TP (on-sale) beer license; (2) Class D-TP beer and light wine license; and (3) Class C-TP (on-sale) beer, wine, and liquor license for use in Takoma Park. Instead, the Act authorizes the board to issue a Class H (on-sale) beer license, a Class D beer and light wine license, and a Class C (on-sale) beer, wine, and liquor license for use in Takoma Park. When a Class H-TP, Class D-TP, or Class C-TP license is renewed or transferred, the board must instead issue the licensee the corresponding Class H, Class D, or Class C license authorized by the Act.

Prince George's County

Licenses, Salaries, Inspectors, and Bottle Clubs: ***House Bill 617*** ***(passed)*** makes several changes to alcoholic beverages licensing provisions in Prince George's County. The bill:

- increases, from $500,000 to $1 million, the minimum capital investment for a catering business to be issued, prospectively, a Class BCE license;
- specifies that prohibitions against the sale of alcoholic beverages within 1,000 feet of a place of worship or a school do not apply to a BCE license;
- alters residency requirements;
- allows the board to permit an individual, partnership, or corporation to hold or have an interest in an unlimited number of BH licenses, rather than the previous limit of four such licenses;

- increases the annual salary of (1) board members from $17,000 to $20,000; (2) the chair of the board from $18,000 to $22,000; (3) the board's attorney from $15,500 to $18,500; and (4) part-time inspectors from $10,900 to $13,900;

- decreases the number of part-time liquor inspectors from 32 to 24;

- authorizes the board or a county liquor inspector to order the immediate closure of a bottle club under specified circumstances; and

- establishes notice, hearing, appeal, and penalty provisions applicable to the closure of a bottle club.

Penalties: ***House Bill 705 (Ch. 101)*** alters the authority of the Board of License Commissioners in Prince George's County to impose a fine, instead of or in addition to suspension or revocation of a license, for any violation that is cause for suspension or revocation of a license. The Act repeals the authority of the board to impose a fine of up to $12,500 and, instead authorizes the board to impose (1) a fine of up to $1,500 for a first offense, except for a violation involving furnishing or allowing underage consumption; (2) a fine of $1,500 for a first offense of a violation involving furnishing or allowing underage consumption; (3) a fine between of $1,501 and $6,000 for a second offense in the same 24-month period; and (4) a fine of $7,500 for a third offense in the same 24-month period. For a fourth offense in the same 24-month period, unless the license is revoked, the board must impose a 30-day suspension.

Seven-day Sales: ***House Bill 931 (Ch. 111)*** establishes a special Sunday off-sale permit in Prince George's County and authorizes the Prince George's County Board of License Commissioners to issue the permit to the holder of any Class A beer, wine, and liquor license or to the holder of a Class B beer, wine, and liquor license with an off-sale privilege. The new permit authorizes the sale of alcoholic beverages for consumption off the licensed premises on Sunday only from 8 a.m. to midnight. The application fee for the permit is $750, and the annual permit fee is $2,590 for the holder of a Class A BWL license, or $1,080 for the holder of a Class B BWL license with an off-sale privilege.

City of College Park Class D Beer and Wine License: ***Senate Bill 369/House Bill 932 (both passed)*** specify that on or after July 1, 2015, one Class D (on-sale) beer and wine license issued for premises in the 7100 block of Baltimore Avenue in the City of College Park may be converted into a Class D (on- and off-sale) beer and wine license for premises that are located in the 7100 to 7200 block of Baltimore Avenue in the City of College Park.

Towne Centre at Laurel: ***Senate Bill 423 (Ch. 31)*** increases, from 142 to 143, the maximum number of Class A beer, wine, and liquor licenses that may be issued by the Board of License Commissioners in Prince George's County. The Act also allows the board to convert one authorized Class B-DD (Development District) license to be a Class A beer, wine, and liquor license to an establishment within the Towne Centre at Laurel.

Queen Anne's County

Refillable Container Permit: ***Senate Bill 354/House Bill 756*** ***(both passed)*** authorize the Queen Anne's County Board of License Commissioners to issue a refillable container permit to the holder of a Class A, Class B, Class C, or Class D license to sell draft beer. The annual permit fee in Queen Anne's County is $500 for an applicant whose alcoholic beverages license does not have an off-sale privilege, and $50 for an applicant whose license has an off-sale privilege. The board may adopt regulations to implement the refillable container provisions. The bills also exempt an applicant for a Class B (on-sale) hotel and restaurant license of any type from distance restrictions between a proposed establishment and schools, churches, public libraries, and youth centers.

Somerset County

Distance Restrictions: ***Senate Bill 906*** ***(passed)*** exempts an establishment having *any* previous owner who was the holder of an alcoholic beverages license from the distance restriction between a licensed establishment and a school, church or other place of worship, public library, or youth center, as opposed to an establishment whose *previous* owner was the holder of an alcoholic beverages license.

Washington County

Outdoor and Street Festival Licenses in Hagerstown: ***Senate Bill 922*** ***(passed)*** authorizes the Washington County Board of License Commissioners to issue a special Class C (on-sale) beer and wine street festival license to a not-for-profit club, society, association, or organization in the Arts and Entertainment District within the City of Hagerstown. The license fee is $30 per day. The total number of days authorized by the license is limited to 26 per calendar year.

A holder of a special Class C (on-sale) beer and wine street festival license must distribute a wristband to each individual at the event who is at least 21 years old and may not serve an alcoholic beverage to any individual who does not wear the wristband.

During an event, an individual may:

- purchase beer or wine from the holder of a street festival license or purchase beer or wine from, and consume on the premises of, a license holder with on-sale privileges within the Arts and Entertainment District;
- transport the beer or wine in the designated container to the premises of another license holder with on-sale privileges in the Arts and Entertainment District and within the approved event area; and
- consume the beer or wine within the Arts and Entertainment District approved event area, including on the premises of any license holder with on-sale privileges.

Liquor Tasting License: ***Senate Bill 634/House Bill 794*** ***(both passed)*** authorize the Washington County Board of License Commissioners to issue a special liquor tasting license (LTL) to a holder of a Class A (off-sale) beer, wine, and liquor license. The annual license fee is $300 for 12 tastings and $500 for 24 tastings. An LTL allows the licensee to provide liquor, for tasting or sampling purposes only, on the licensed premises. Servings are limited to no more than one-half ounce of any one liquor to any one customer and four samples per customer.

Expungement of Violations: ***Senate Bill 632/House Bill 795*** ***(both passed)*** require the Washington County Board of License Commissioners to expunge a violation of alcoholic beverages laws and regulations from a licensee's record after five years from the date the violation occurred.

Population Ratio Quota: ***Senate Bill 630/House Bill 797*** ***(both passed)*** modify the population ratio quota that applies to the issuance of certain alcoholic beverages licenses in Washington County. The bills reduce the number of licenses that may be issued from one alcoholic beverages license for every 1,000 individuals residing in the election district where the license is issued to one license for every 3,000 individuals residing in the election district where the license is issued.

Conversion of Class P Licenses: ***Senate Bill 750/House Bill 801*** ***(both passed)*** repeal the authority of the Washington County Board of License Commissioners to issue a Class P pouring license. Instead, the board is authorized to issue a Class B (on-sale) license of any type, countywide, to a restaurant that meets specified requirements, including having annual gross sales of food and nonalcoholic beverages greater than gross sales of alcoholic beverages. Licenses issued under these provisions are not subject to population ratio quota requirements.

The annual fees for a Class B (on-sale) license are (1) $50 for a beer license; (2) $200 for a beer and light wine license; and (3) $750 for a beer, wine, and liquor license. The annual fees for a Class B (on- and off-sale) license, which are altered by the bills are (1) $350 for a beer license; (2) $400 for a beer and light wine license; and (3) $1,000 for a beer, wine, and liquor license. The annual license fee for a Sunday sale license remains at $250.

Refillable Containers: ***House Bill 835*** ***(Ch. 105)*** authorizes the Washington County Board of License Commissioners to issue a refillable container permit for draft beer to the holder of a Class A, Class B, or Class D license. The annual permit fee is $500 for an applicant whose alcoholic beverages license does not have an off-sale privilege and $50 for an applicant whose license has an off-sale privilege.

Repeal of Wine Tasting License: ***Senate Bill 631/House Bill 836*** ***(both passed)*** repeal the authority of the Washington County Board of License Commissioners to issue a special wine tasting license to a holder of a Class B (on-off sale) beer, wine, and liquor license.

Wicomico County

Micro-breweries: ***Senate Bill 798/House Bill 1039*** ***(both passed)*** increase the annual production limit for Class 7 micro-breweries in Wicomico County from 22,500 barrels to 45,000 barrels of malt beverages.

Worcester County

Limited Distillery License: ***Senate Bill 523/House Bill 689*** ***(both passed)*** establish a Class 9 limited distillery license to be issued by the Comptroller. The annual license fee is $500. The license must be issued only to a holder of a Class D beer, wine, and liquor license in Worcester County for use only on the premises for which the underlying alcoholic beverages license was issued. The license authorizes the holder to establish and operate a plant in Maryland for distilling, rectifying, and bottling specified products, subject to specified restrictions, including a limit of 15,500 gallons of product that may be sold at retail on the licensed premises. A license holder must abide by all trade practice restrictions applicable to distilleries.

Clubs: ***Senate Bill 38*** ***(passed)*** repeals the requirement that, in order to qualify for a seven-day Class C on-sale beer, wine, and liquor license in Worcester County, a club must maintain average daily receipts from the sale of food in excess of those for the sale of alcoholic beverages.

Part I
Financial Institutions, Commercial Law, and Corporations

Financial Institutions

Savings Promotion Raffles

The federal American Savings Promotion Act (ASPA) was signed into law by the President on December 18, 2014. ASPA authorizes covered financial institutions to conduct savings promotion raffles. The preamble to ASPA notes that a number of states, including Maryland, have enacted legislation allowing financial institutions to offer prize-linked savings accounts and, as a result, these states have seen an increase in personal savings.

***House Bill 558* (Ch. 95)** brings the State's laws regarding savings promotion raffles into conformity with federal law. The Act modifies the definition of "depository institution" to mean a financial institution that is authorized to maintain qualifying accounts. A qualifying account is defined under the Act as a savings or share account or other savings product or program (1) offered by a depository institution; (2) insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or a credit union share guaranty corporation that is approved by the Commissioner of Financial Regulation; and (3) through which eligible customers may obtain chances to win prizes in a savings promotion raffle. By modifying the definitions of "depository institution" and "qualifying account," the Act includes credit unions under the term "depository institution," and unnecessary statutory language relating to credit unions that conduct or offer savings promotion raffles is repealed under the Act.

The Act also modifies the definition of a "savings promotion raffle" to mean a contest in which (1) the sole consideration required for a chance of winning designated prizes is obtained by the deposit of a specified amount of money in a qualifying account and (2) each ticket or entry has an equal chance of being drawn. Finally, the Act (1) specifies that a depository institution may conduct a savings promotion raffle only for the exclusive benefit of eligible customers and (2) repeals requirements that a depository institution post a certain notice and that a savings promotion raffle be approved by the commissioner.

Commercial Law – Generally

False Financing Statements

A financing statement is part of the credit information that potential creditors consider when reviewing the present credit standing of the debtor. In general, a financing statement must provide the name of the debtor, the name of the secured party or a representative of the secured party, and the collateral covered by the financing statement. According to the National Association of Secretaries of State (NASS), fraudulent financing statement filings are on the rise across the country. Individuals have been known to file fraudulent financing statements for the purpose of harassing another person. In particular, a growing anti-government movement known as the "sovereign citizen movement" uses fraudulent filings to take retaliatory action against the government and government officials. Although a fraudulent financing statement does not create any legal liability for the named debtor, it can impair an individual's capacity to obtain credit. Removing such a false financing statement from the public record can be costly and time consuming for the person named in the statement.

In response to the increase in fraudulent filings, Chapter 58 of 2014 required a filing office to provide written notice of the filing of a financing statement to a debtor (if the debtor and the secured party are individuals). The notice must include the remedies available to the debtor if the debtor believes that the financing statement was erroneously or fraudulently filed.

***Senate Bill 77* (Ch. 8)** prohibits a person from causing the filing or recording of a financing statement with a filing office if the person knows that the financing statement (1) is false; (2) is not authorized to be filed or recorded under the Maryland Uniform Commercial Code; or (3) is not related to a valid existing or potential commercial or financial transaction. The Act authorizes a filing office to terminate a financing statement if the filing office has reason to believe that the financing statement violates the Act's requirements. It likewise authorizes a debtor to request that the filing office terminate a financing statement if the debtor believes the financing statement violates the Act's requirements. The Act also establishes procedures for judicial determination of a financing statement's validity if a person disagrees with a decision of the filing office. A filing office may not charge a fee for fulfilling its obligations under the Act, nor may a filing office refund a filing fee if a financing statement is subsequently terminated.

Self-service Storage Facilities – Lien Sales

The Maryland Self-Service Storage Act was adopted in 1983 and applies to all rental agreements entered into or renewed after July 1, 1983, between an operator and occupant of a self-service storage facility. The operator, either the owner or any other person authorized to manage the facility, has a lien on all personal property stored in the leased space by the occupant, the person entitled to use the leased space under the rental agreement. If the occupant is in default for more than 60 days, the operator may enforce the lien by selling the personal property stored in the leased space at a public sale for cash. The sale proceeds are applied to satisfy the lien and the operator must hold the balance, if any, for delivery on demand to the occupant or any other recorded lienholder. The operator must notify the occupant of the occupant's default status before

conducting the sale. Prior to the enactment of ***House Bill 786* (Ch. 103)**, the law required the operator to advertise, at least three days before conducting the sale, the time, place, and terms of the sale in a newspaper of general circulation in the jurisdiction where the sale is to be held.

The Act authorizes additional means of advertising the sale. The Act requires a self-service storage facility rental agreement to contain a statement in bold type that the lien sale of personal property may be advertised (1) in a newspaper of general circulation in the jurisdiction where the sale is to be held; (2) by email; or (3) on a website. However, the operator may not advertise the sale through email or a website unless the occupant initials the required statement in the rental agreement. Similarly, notice of default may not be given through email unless a bold-type statement in the rental agreement so specifies and the occupant initials the statement. The Act also requires the operator to mail the balance of any lien sale proceeds, by certified mail, to the occupant or other recorded lienholder. If the balance is returned, the operator must hold the balance for one year after the date of sale. If the balance remains unclaimed after the one-year holding period, the balance is presumed abandoned and is subject to State law governing disposition of abandoned property.

Commercial Law – Consumer Protection

Mug Shot Websites

Mug shots of arrested individuals are widely and freely available from State and local law enforcement agencies. The photos are frequently published online, including publication by news organizations. In a 2007 opinion, the Attorney General stated that mug shots in the possession of a police department are not protected as "criminal history record information" under the Maryland Public Information Act (MPIA). As a result, a law enforcement agency must disclose mug shots in response to MPIA requests. A law enforcement agency may refuse to disclose a mug shot if the agency determines that disclosure would be contrary to public interest, including instances where the photographed individual was acquitted or the charges were dropped.

For-profit "mug shot websites" gather mug shots from law enforcement agencies and publish them on their sites. According to a 2013 *New York Times* exposé, the number of mug shot websites has been increasing since 2010, with more than 80 mug shot websites available as of 2013. The websites claim to provide the mug shots as a public service; the public can easily investigate and become aware of individuals in their communities who have been accused of engaging in criminal conduct. However, these sites often charge a fee to remove an individual's mug shot from the site – a practice that many critics claim constitutes extortion, particularly when the mug shot relates to a relatively minor charge or a charge that was later dropped or expunged. These fees can range from $30 to $400 and vary from site to site.

***House Bill 744* (passed)** applies to operators of websites that charge a fee for the removal of an arrest or detention photograph or digital image. The bill authorizes an individual to request an operator of a website to remove the individual's photograph or digital image from the operator's website free of charge if (1) the photograph or digital image was taken during the arrest or

detention of the individual for a criminal or traffic charge or for a suspected violation of a criminal or traffic law and (2) the court record or police record that contained the photograph or digital image was expunged, shielded or otherwise removed from public inspection, or the resulting judgment was vacated. The bill establishes procedures for the individual to make the request and for the website operator to remove the photograph or digital image. Violation of the bill is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA) and is subject to MCPA's civil and criminal penalty provisions.

Ticket Transfers – Required Notice

Ticket sellers, including promoters, producers, artists, and sports teams, have increasingly opted to utilize a process known as "paperless ticketing," by which tickets are purchased by credit card and the purchaser is required to present the same credit card as well as photo identification in order to gain entry to an event. This practice has the effect of prohibiting a purchaser from freely transferring a purchased ticket. ***House Bill 670* (failed)** would have prohibited a ticket seller or an operator of a ticket seller's website from prohibiting the transfer of a ticket, requiring a fee for the transfer of a ticket, or requiring identification for entry to an event unless the ticket seller or operator provided a clear and conspicuous notice about limitations placed on the ticket before the purchaser completed the purchase.

Consumer Behavior and Shopping Habits – Monitoring

A number of retailers have been testing technology that uses a customer's cell phone Wi-Fi signal to track shopping behavior ***House Bill 1094* (failed)** would have prohibited a merchant from using any technology to monitor the behavior or shopping habits of consumers unless the merchant provided a notice through specified methods that would clearly and conspicuously disclose that the merchant was using the tracking technology.

Corporations and Associations

Corporations and Real Estate Investment Trusts

***House Bill 522* (passed)** alters various provisions of Maryland's corporation and real estate investment trust (REIT) laws, including provisions relating to stock subscriptions, consent to an action by directors and stockholders, and mergers of corporations or REITs with or into other business entities.

Stock Subscriptions

House Bill 522 clarifies that for stock of a corporation, a subscriber has no voting or other rights with respect to the subscribed stock until the stock is issued and fully paid, unless the subscription agreement provides otherwise.

Consent to Action

House Bill 522 allows an individual, whether or not the individual is then a director, to assent to an action by directors by a consent that will be effective up to 60 days after delivery of the consent to the corporation or its agent. The effective time of a consent may include a time determined on the happening of an event that occurs up to 60 days after the consent is delivered. A consent is deemed to have been given at the effective time if the individual is a director at that time and did not revoke the consent before then. A consent is revocable before the effective time unless otherwise provided in the consent. By allowing individuals to prospectively consent to director actions, the bill is intended to facilitate transactions in which consents and other closing documents are executed in advance and delivered in escrow.

The bill also allows a person, whether or not the person is then a stockholder, to assent to an informal stockholder action by a consent that will be effective up to 60 days after delivery of the consent to the corporation or its agent. The effective time of a consent may include a time determined on the happening of an event that occurs up to 60 days after the consent is delivered. A consent is deemed to have been given at the effective time if the person is a stockholder at that time and did not revoke the consent before then. A consent is revocable before the effective time unless otherwise specified in the consent.

Merger Agreements

House Bill 522 alters the circumstances under which the merger of a subject corporation (a corporation or REIT that is the subject of a tender or exchange offer) with or into an acquiring entity may be effected. Changes made by the bill include:

- requiring the agreement to merge to expressly allow or require the merger to be effected under specified provisions of law;

- requiring that, following consummation of the tender or exchange offer, the stock that is irrevocably accepted for purchase or exchange and received by a specified depository before the offer's expiration, together with the stock otherwise owned by specified entities, equals at least the percentage of shares and each class or series of shares of the subject corporation that would be required to approve the merger; and

- authorizing a tender or exchange offer to exclude stock of the subject corporation that is owned at the commencement of the offer by (1) the acquiring entity; (2) a person that owns all of the outstanding equity interest in the acquiring entity; or (3) a direct or indirect wholly owned subsidiary of a person described in item (1) or (2).

Part J
Health and Human Services

Public Health – Generally

Medicaid

Budget

The fiscal 2016 budget for the Medical Care Programs Administration (Medicaid) totals just under $8.8 billion. This figure excludes funding for behavioral health and adjusts for legislative reductions contingent on ***House Bill 72 (passed)***, the Budget Reconciliation and Financing Act of 2015. The fiscal 2016 budget is $561 million (6%) lower than fiscal 2015 (adjusted for January 7 Board of Public Works (BPW) reductions, deficiencies, and legislative and contingent reductions). Of this reduction, $211 million reflects the transfer of funding from Medicaid to behavioral health to support substance abuse treatment that was carved out of the HealthChoice program effective January 1, 2014. Excluding this transfer, the Medicaid budget falls by $350 million (4%) between fiscal 2015 and 2016.

The fiscal 2016 budget assumes an average monthly enrollment of 1.33 million. This represents a growth of 3.6% over fiscal 2015, well below the 8.9% growth rate between fiscal 2014 and 2015 that was due to the significant increase in enrollment associated with the expansion of Medicaid under the federal Patient Protection and Affordable Care Act (ACA) on January 1, 2014. Enrollment in the ACA expansion population category is anticipated to remain stronger than the rest of the Medicaid eligibility categories in fiscal 2016 (8%), with growth in the base program expected to be only 2.7%.

In addition to accommodating enrollment and utilization growth, the fiscal 2016 budget includes new funding for a hospital presumptive eligibility program ($30 million), expansion of the Community First Choice program that encompasses the consolidation of various long-term care waivers ($48.4 million prior to cost containment actions), increased funding to cover the cost of new Hepatitis C drug treatments ($47.7 million), and expanded funding for Managed Care Organization (MCO) supplemental payments that aim to preserve access to care in rural areas ($10 million).

However, increased funding to accommodate enrollment and these other areas of program growth is more than offset by significant provider rate reductions and rate assumptions. As shown in **Exhibit J-1**, the net impact of all of those reductions and assumptions represents a reduction of $625.9 million. However, as Medicaid subsequently has said how it intends to implement the MCO rate reduction, the total budgetary impact is a reduction of $573.9 million. Other than MCOs, for many providers the reductions take rates back to fiscal 2014 levels.

Exhibit J-1
Impact of Rate Actions and Rate Assumptions on Fiscal 2016 Medicaid Budget
($ in Thousands)

	General Funds	Total Funds
Other Rates (Medicare/Other Service Rates)	$6,200	$12,747
Inpatient Rate Assumption (1.04%)	2,950	6,455
Outpatient Rate Assumption (1.04%)	1,064	2,531
Home- and Community-based Options Service Rates Reduced to Fiscal 2014 Levels (-2.5%)	-275	-550
Medical Day Care Rates Reduced to Fiscal 2014 Levels (-1.25%)	-320	-640
Private Duty Nursing Rates Reduced to Fiscal 2014 Levels (-1.25%)	-326	-651
Personal Care Rates Reduced to Fiscal 2014 Levels (-2.5%)	-444	-888
Nursing Home Rates Reduced to Fiscal 2014 Levels (-1.0%)	-2,851	-5,702
Savings From Uncompensated Care (Inpatient and Outpatient)	-16,700	-37,460
Annualization of Reduction on Physician Evaluation and Management Rates to 87.0% of Medicare	-36,000	-111,820
MCO Calendar 2015 Rate Cut (-9.5%)	-163,055	-489,917
Total	**-$209,756**	**-$625,896**

MCO: managed care organization

Note: MCO additional cost containment (1.9%) will not be implemented as budgeted. This reduces the impact of the reduction by $52 million and reduces loss of federal matching funds by $43 million, resulting in a rate reduction of 8.6%.

Source: Department of Health and Mental Hygiene; Department of Legislative Services

In addition to the rate actions noted in Exhibit J-1, the fiscal 2016 budget contains $25.4 million in additional cost containment actions as shown in **Exhibit J-2**.

Exhibit J-2
Other Cost Containment
($ in Thousands)

	General Fund Savings	Total Fund Savings
CFC Service Rates Reduced to Fiscal 2014 Levels (-2.5%)	-$2,835	-$9,773
Eliminate Coverage for Pregnant Women Above 185% FPL Effective January 1, 2016	-4,732	-9,464
Full-year Savings from the Implementation of a Lower Pharmacy Dispensing Fee Proposed in the January 2015 BPW Cuts	-1,607	-3,213
Delete Grants for Adult Day Care Centers	-2,082	-2,082
Eliminate Coverage for Extended Family Planning Services Effective January 1, 2016	-159	-885
Total	**-$11,415**	**-$25,417**

BPW: Board of Public Works
CFC: Community First Choice
FPL: federal poverty level

Source: Department of Health and Mental Hygiene; Department of Legislative Services

In its budget actions, the General Assembly restricted funds in various programs in order to restore funding for a number of programs throughout the State budget. For a more detailed discussion of the General Assembly's restrictions on the budget, see the subpart "Operating Budget" within Part A – Budget and State Aid of this *90 Day Report*. In Medicaid, the restorations included:

- $15.5 million in general funds to restore physician evaluation and management rates to 92% of Medicare effective July 1, 2015. These rates, originally increased to 100% of Medicare on January 1, 2013, in an attempt to build up physician networks prior to the expansion of Medicaid on January 1, 2014, were reduced to 87% of Medicare effective April 1, 2015, by BPW in January 2015 and continued through fiscal 2016;

- $4.8 million to maintain coverage for pregnant women and family planning services at current levels;

- $4.8 million to maintain fiscal 2015 rates for various community providers (Community First Choice, private-duty nursing, medical day care, personal care, and home- and community-based services);

- $4.0 million to limit the 1% reduction proposed to nursing home rates in the fiscal 2016 budget to 0.3%; and

- $2.0 million to support adult day care grants.

Managed Care Organization Pharmacy Networks

***House Bill 1290* (passed)** requires the Department of Health and Mental Hygiene (DHMH) to establish a plan on or before September 1, 2015, to ensure Medicaid recipients have reasonable access to pharmacy services in the event an MCO modifies its pharmacy network. The plan must specifically address standards for urban, rural, and suburban areas in the State. The department must report this plan to the General Assembly on or before December 1, 2015.

Eligibility – Military Families

***Senate Bill 563* (passed)** requires the Developmental Disabilities Administration (DDA) and DHMH to allow dependents of military personnel who are Maryland residents and leave the State for military assignment to (1) retain their eligibility for DDA services or Medicaid Home- and Community-based Services waiver services if they were determined eligible before leaving Maryland; (2) remain on waiting lists for services if they were on the lists prior to leaving the State; and (3) resume services when they return to the State. Eligible military personnel must maintain a permanent home in the State or list the State as their home of record, and, when absent due to military obligation, intend to return to the State.

Miscellaneous Health Care Programs

Newborn Screening Program Fund

DHMH's Newborn Screening Program is a statewide system for screening all newborn infants in Maryland for certain hereditary and congenital disorders associated with severe problems of health or development. ***Senate Bill 467*/*House Bill 5* (both passed)** establish the Newborn Screening Program Fund to cover the administrative, laboratory, and follow-up costs associated with performing newborn screening tests. The special fund receives revenue from newborn screening fees that formerly accrued to the general fund.

Prescription Drug Monitoring Program

Maryland's Prescription Drug Monitoring Program (PDMP) was established by Chapter 166 of 2011 to address issues of prescription drug abuse and drug diversion by monitoring all Schedule II-V controlled dangerous substances prescribed and dispensed in the state. ***Senate Bill 757* (passed)** expands the entities to which PDMP must disclose prescription monitoring data. At the request of the entity, on approval of the Secretary of Health and Mental Hygiene and for the purpose of furthering an existing bona fide individual case review, PDMP must disclose data to (1) the State Child Fatality Review Team or a Local Child Fatality Review Team; (2) a Local Drug Overdose Fatality Review Team; (3) the Maternal Mortality Review Program; or (4) a medical review committee appointed by, or established in, DHMH or a local health department.

The bill also requires PDMP to disclose data to the State Board of Physicians on issuance of an administrative subpoena voted on by a quorum of a disciplinary panel for the purposes of furthering an existing bona fide investigation of an individual.

AIDS Drug Assistance Program

The Maryland AIDS Drug Assistance Program (MADAP) helps low- to moderate-income Maryland residents pay for certain drugs to treat HIV/AIDS. In November 2012, the federal Health Resources and Services Administration clarified that although the federal Public Health Service Act requires that rebate funds be applied to the Part B Program with a priority that the rebates be placed back into AIDS drug assistance programs, rebates may also be used for any authorized purpose under the Part B Program, including core medical services, support services, planning and evaluation, and administrative expenses. ***Senate Bill 796* (passed)** authorizes rebates received by DHMH from MADAP to be used to fund any other services to eligible individuals allowable under Part B of the federal Ryan White HIV/AIDS Program.

Behavioral Health

Behavioral Health Administration

Chapter 460 of 2014 merged the Alcohol and Drug Abuse Administration (ADAA) and Mental Hygiene Administration (MHA) into the Behavioral Health Administration (BHA). ***House Bill 1109* (passed)** makes various changes to the powers, duties, and responsibilities of BHA. First, the bill requires the Secretary of Health and Mental Hygiene to provide facilities for the care and treatment of individuals with mental disorders. BHA must (1) supervise the custody, care, and treatment of individuals in State facilities with mental disorders; (2) oversee community-based services for people with behavioral health disorders; and (3) establish programs for research and development of care and treatment for individuals with behavioral health disorders. Second, the Secretary of Health and Mental Hygiene must adopt regulations to administer mental and behavioral health law and may set reasonable fees for the issuance and renewal of licenses. Third, the bill prohibits otherwise-qualified individuals with behavioral health disorders from being subjected to discrimination by, or denied services of, any public or private hospital or community-based treatment program solely because of the individual's status as an individual with a behavioral health disorder. ***House Bill 1109*** requires that a behavioral health program be licensed before providing services in the State; however, the Secretary of Health and Mental Hygiene may exempt certain persons from the licensure requirements. Additionally, ***House Bill 1109*** requires that halfway houses be licensed and that the Secretary of Health and Mental Hygiene adopt regulations for establishing, licensing, and operating halfway houses. The bill also includes provisions regarding zoning as it relates to the location of halfway houses. Finally, the bill removes references to "substance use" disorders and replaces them with "substance-related" disorders and gives local behavioral health authorities the same authority as core service agencies, which plan, manage, and monitor publicly funded mental health services.

The integration of ADAA and MHA was furthered by ***Senate Bill 174* (passed)** which repeals the Maryland Advisory Council on Mental Hygiene and the State Drug and Alcohol Abuse

Council and replaces the councils with the Behavioral Health Advisory Council in the Office of the Governor. The new advisory council is tasked with promoting and advocating for the enhancement of behavioral health services across the State for individuals who have behavioral health disorders and their family members. ***Senate Bill 174*** also establishes the Behavioral Health Advisory Council as the State council to which county mental health advisory committees and intercounty mental health advisory committees must send annual reports, and as the State council that the Secretary of Health and Mental Hygiene must consult with before initiating the development of core service agencies.

Maryland Behavioral Health Crisis Response System

Chapter 371 of 2002 established the Maryland Mental Health Crisis Response System contingent on the receipt of federal funding or funding from any other private or public source. ***Senate Bill 469/House Bill 367*** ***(both passed)*** repeal the funding contingency, change the name of the system to the Maryland Behavioral Health Crisis Response System (Crisis Response System), and alter the duties of the Crisis Response System. The bill expands the scope of the Crisis Response System to behavioral, rather than just mental, health services and programs. The Crisis Response System is required to include crisis communications centers in each jurisdiction. The bills alter the program and services that may be provided through the crisis communications centers. New authorized programs include clinical crisis walk-in services, 24-hour holding beds, emergency psychiatric services, and expanded capacity for assertive community treatment. Furthermore, the Crisis Response System must include an evaluation of outcomes of services through annual data collection on the number of behavioral health calls received by police, attempted and completed suicides, and other statistics.

Mental Health

Maternal mental health disorders, including depression and anxiety, are illnesses caused by changes in biology, psychology, environment, and hormones. Maternal anxiety and depression are the most common complications of childbirth. Up to 20% of women experience clinical depression associated with pregnancy or childbirth, and it is estimated that as many as 80% of mothers with depression are not receiving treatment. ***Senate Bill 74*** ***(Ch. 6)*** establishes the Task Force to Study Maternal Mental Health. The task force is charged with (1) identifying vulnerable populations and risk factors in the State for maternal mental health disorders; (2) identifying and recommending prevention, identification, and treatment strategies; (3) identifying successful postpartum mental health initiatives in other states and recommend programs, tools, strategies, and funding sources needed to implement similar initiatives in Maryland; (4) identifying and recommending evidence-based practices for health care providers and public health systems; (5) identifying and recommending private and public funding models; and (6) making recommendations on legislation, policy initiatives, funding requirements, and budgetary priorities to address maternal mental health needs in Maryland, as well as any other relevant issues identified by the task force. The task force is required to report its findings and recommendations to the Governor and the General Assembly on or before December 15, 2016.

A minor who is age 16 or older has the same capacity as an adult to consent to consultation, diagnosis, and treatment of a mental or emotional disorder by a physician, psychologist, or clinic. The capacity to consent does not extend to the capacity to refuse consultation, diagnosis, or treatment for a mental or emotional disorder for which the minor's parent, guardian, or custodian has given consent. ***Senate Bill 157*/*House Bill 662* (both passed)** allow a minor to consent to consultation, diagnosis, and treatment of a mental or emotional disorder by any health care provider who is licensed under the Health Occupations Article and acting within the scope of the health care provider's license to diagnose and treat mental and emotional disorders. The bills also authorize the health care provider, or a member of a hospital medical staff or public clinic on the direction or advice of the health care provider, to give a minor's parent, guardian, or custodian, or the parent's spouse information about treatment the minor needs or received, without the consent of, or over the express objection of, a minor. If the health care provider is on a treatment team for a minor that is headed by a physician, the physician must decide whether the minor's parent, guardian, or custodian, or the parent's spouse, should receive information about the minor's needed treatment.

Under laws allowing a parent or the guardian of the person of a minor to apply for voluntary admission of the minor to a facility for the treatment of a mental disorder, a facility is prohibited from admitting a minor for treatment of a mental disorder unless certain criteria are met, including assent to the admission by the admitting physician of the facility or, for a child or adolescent unit of a State facility, by a physician and psychologist or by two physicians. Similarly, an application for involuntary admission to a facility or Veterans' Administration hospital must be accompanied by the certificates of one physician and one psychologist or of two physicians. ***Senate Bill 195* (passed)** allows for the assent to a voluntary admission and the certification for an involuntary admission to be given or signed by a physician and a psychiatric nurse practitioner. A certificate for involuntary admission signed by a nurse practitioner must be based on the personal examination of the psychiatric nurse practitioner.

Substance Use Disorders

DHMH's 2013 report, titled *Drug and Alcohol-Related Intoxication Deaths in Maryland*, indicated that drug- and alcohol-related intoxication deaths in Maryland totaled 858 in 2013, a 7% increase from 2012, and an 88% increase since 2011. Increases in the number of heroin-, fentanyl-, and alcohol-related deaths contributed to the overall increase. The overall number of prescription opioid-related deaths remained stable between 2012 and 2013, while the number of oxycodone- and methadone-related deaths fell between 2012 and 2013. Heroin-related deaths increased from 392 in 2012 to 464 in 2013, an 18% increase. The number of fentanyl-related deaths also doubled between 2012 and 2013, increasing from 29 to 58. In light of this alarming trend, there are several major statewide efforts underway to reduce heroin- and fentanyl-related opioid overdoses. Efforts to address prescription opioid abuse continue as well.

***Senate Bill 607*/*House Bill 896* (both passed)** establish the Joint Committee on Behavioral Health and Opioid Use Disorders, including five members from the Senate and five members from the House of Delegates. The committee has oversight over the Prescription Drug Monitoring Program and State and local programs to treat and reduce behavioral health and opioid use

disorders. The purposes of the committee are to (1) review the final report of the Governor's Heroin and Opioid Emergency Task Force; (2) review and monitor the activities of the Governor's Inter-Agency Heroin and Opioid Coordinating Council; (3) monitor the effectiveness of specified programs, policies, and practices, including the State's behavioral health system and local overdose prevention plans; (4) review the extent to which health insurance carriers in the State are complying with federal and State mental health and addiction parity laws; and (5) identify areas of concern and, as appropriate, recommend corrective measures to the Governor and the General Assembly.

***Senate Bill 546/House Bill 368* (both passed)** extend civil immunity under the Good Samaritan Act for acts of ordinary negligence to specified rescue and emergency care personnel administering medications or treatment in response to an apparent drug overdose. For a more detailed discussion of this issue, see the subpart "Civil Actions and Procedures" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Chapter 299 of 2013 established the Overdose Response Program within DHMH to authorize certain individuals (through the issuance of a certificate) to administer naloxone to an individual experiencing, or believed to be experiencing, an opioid overdose to help prevent a fatality when medical services are not immediately available. To qualify for a certificate, an individual must (1) be 18 or older; (2) have, or reasonably expect to have, the ability to assist an individual who is experiencing an opioid overdose; and (3) successfully complete an educational training program offered by a private or public entity authorized by DHMH. A physician or nurse practitioner may prescribe and dispense naloxone to a certificate holder. ***Senate Bill 516/House Bill 745* (both passed)** alter the program by authorizing an advanced practice nurse with prescribing authority or a licensed physician to prescribe and dispense naloxone to a certificate holder either directly or, under specified circumstances, under a standing order. A licensed physician or an advanced practice nurse with prescribing authority who issues a standing order also may delegate authority for dispensing naloxone to certain licensed registered nurses and employees and volunteers of certain private or public entities. Additionally, the bills (1) authorize any licensed health care provider with prescribing authority to prescribe naloxone to a patient who is believed to be at risk of experiencing an opioid overdose or in a position to assist an individual at risk of experiencing an opioid overdose; (2) exempt the patient from the training requirements; and (3) authorize a pharmacist to dispense naloxone in accordance with a therapy management contract. ***Senate Bill 516/House Bill 745*** authorize an applicant for a certificate to take an educational program conducted by a pharmacist and clarify the conditions under which an employee or a volunteer of a private or public entity can conduct training. Finally, the bills establish legal and civil immunity for specified individuals.

Prescription opioid analgesics are an important component of modern pain management. However, abuse and misuse of these products have created a serious and growing public health problem. According to the U.S. Food and Drug Administration, one potentially important step toward creating safer opioid analgesics has been the development of opioids that are formulated to deter abuse. Abuse-deterrent formulations may include physical/chemical barriers, agonist/antagonist combinations, altered delivery systems, or prodrugs (those that lack opioid activity until transformed in the gastrointestinal tract). ***Senate Bill 606/House Bill 887* (both**

passed) require insurers, nonprofit health service plans, and health maintenance organizations that provide prescription drug coverage to provide coverage for certain abuse-deterrent opioid analgesic drug products. For a further discussion of ***Senate Bill 606/House Bill 887***, see the subpart "Health Insurance" within this part of this *90 Day Report*.

Chapter 675 of 2000 created the Substance Abuse Treatment Outcomes Partnership (S.T.O.P.) Fund within DHMH. The S.T.O.P. Fund is used to issue grants to counties that submit proposals for substance abuse treatment services. The governing body of one or more counties (including Baltimore City) must submit a request for S.T.O.P. funding to DHMH in order to receive grant funding. ***Senate Bill 641 (Ch. 45)*** expands the scope of the S.T.O.P. Fund to include "eligible functions" that may be funded under S.T.O.P. The "eligible functions" are transportation to and from treatment services; treatment, prevention, or coordination staff; data sharing services among counties and other appropriate treatment providers; education or outreach programs and materials; in-community emergency behavioral health services or crisis stabilization units; and behavioral health programs in schools. The Act also adds drug offenders under the supervision of the problem-solving courts to the "eligible population" who are authorized to receive S.T.O.P. funding.

Developmental Disabilities

Developmental Disabilities Administration

House Bill 100 (passed) requires the Secretary of Health and Mental Hygiene to provide notice and an opportunity for a Medicaid fair hearing to (1) applicants for DDA Medicaid waiver services who are denied eligibility; (2) applicants for DDA Medicaid waiver services who contest the priority category they are assigned; and (3) recipients of DDA Medicaid waiver services whose claim for DDA Medicaid waiver services is denied or not acted upon with reasonable promptness, or who believe DDA has acted erroneously.

Provider Licenses

House Bill 1172 (passed) clarifies provisions that govern the licensing and regulation of providers of services to individuals with developmental disabilities. DHMH, instead of DDA, must perform functions relating to licensing, thereby allowing DHMH to delegate these functions to the Office of Health Care Quality. DHMH is authorized to impose sanctions, including a civil monetary penalty of up to $5,000, for failure by a licensee to substantially comply with applicable State laws, regulations, or rules. DHMH must adopt sanctioning rules and regulations and in establishing the amount of a penalty, the department must consider certain factors, such as the number, nature, and seriousness of the violations. If a penalty is proposed, DHMH must offer the licensee an opportunity for informal dispute resolution.

House Bill 566 (passed) authorizes DHMH to suspend a licensee or order a licensee to immediately remedy a situation if DHMH finds that the public health, safety, or welfare of individuals with disabilities receiving services from a licensee requires emergency action. If DHMH issues an order, it must give the licensee written notice of the order and an opportunity to

be heard. The order remains in effect until DHMH rescinds the order or there is a resolution through the administrative hearing process.

Medical Marijuana

Chapter 403 of 2013 established, and Chapters 240 and 256 of 2014 expanded, the Natalie M. LaPrade Medical Marijuana Commission to implement and administer a medical marijuana program in Maryland. The program allowed for approval, licensing, and registration of participating academic medical centers, growers, dispensaries, and grower and dispensary agents. The program establishes a framework to certify physicians to provide qualifying patients with medical marijuana.

***House Bill 490* (passed)** renames the Natalie M. LaPrade Medical Marijuana Commission to be the Natalie M. LaPrade Medical Cannabis Commission. The bill repeals the authority of the commission to approve academic medical centers to operate programs. The bill adds a second member of the public to the commission, bringing total membership to 16, and broadens the type of licensed physicians and law enforcement who may serve on the commission. A certifying physician is defined as any licensed physician with a controlled dangerous substance license and the bill removes a reporting requirement on the number of recommendations provided by doctors and instead requires dispensaries report quarterly to the commission. The bill authorizes a certifying physician to include in a written statement that a 30-day supply of medical cannabis may be inadequate to meet the medical needs of the qualifying patient and alters the information to be included in a proposal submitted to the commission by a physician. In addition, the bill (1) authorizes growers to grow and process medical cannabis on the same premises; (2) provides that a license to operate as a grower and dispensary is valid for four years; (3) authorizes the commission to license processors and processor agents, to register independent testing laboratories, and to inspect dispensaries, processors, and testing laboratories; (4) authorizes a person to be licensed concurrently as a grower, dispensary, and processor; and (5) repeals a requirement that the commission encourage licensing of growers located in agriculture zones.

Death with Dignity

Oregon, Washington, and Vermont have laws outlining particular circumstances and procedures for terminally ill, competent adults to receive life-ending, self-administered medication from a physician. ***Senate Bill 676*/*House Bill 1021* (both failed)** would have added Maryland to that list by allowing a physician who follows specified procedural safeguards to prescribe self-administered medication to a "qualified patient" to bring about the patient's death. The bills would have established requirements for a patient to be a "qualified patient" and for an attending physician to follow before prescribing medication for aid in dying. The bills would have exempted, from civil or criminal liability, State-licensed physicians who, in compliance with specified safeguards, dispense or prescribe a lethal dose of medication following a qualified patient's request and included criminal penalties for violating the provisions of the bill.

Statistics and Records

Senate Bill 743*/*House Bill 862* (both passed)** require the Secretary of Health and Mental Hygiene to issue a new certificate of birth for an individual who was born in the State if DHMH receives proof that (1) a licensed health care practitioner determined that the individual's sex designation should be changed because the individual underwent treatment for sex transition or has been diagnosed with an intersex condition; (2) the individual or, if the individual is a minor or disabled person under guardianship, the individual's parent, guardian, or legal representative, made a written request for a new birth certificate with a change in sex designation; and (3) the health care practitioner signed a statement under penalty of perjury attesting to these facts. ***Senate Bill 743*/*House Bill 862 also require the Secretary to make a new certificate of birth if DHMH receives satisfactory proof that (1) a court of competent jurisdiction issued an order indicating that the individual's sex has been changed or (2) before October 1, 2015, the Secretary, pursuant to regulations, amended an original birth certificate on receipt of a certified copy of an order of a court of competent jurisdiction indicating the sex of the individual had been changed. The sex designation on the new birth certificate must be the sex designation for which proof has been submitted and, if the name of the individual changed at any time, the name on the new birth certificate must be the name that was last established and for which appropriate documentation has been submitted to DHMH. A new birth certificate may not be marked as "amended" or show on its face that a sex designation or name change was made.

Advance Directives

***Senate Bill 90*/*House Bill 293* (both passed)** authorize a court to appoint a guardian for a disabled person for a limited period of time if it appears probable that the disability will end within one year of the appointment of the guardian. The bills also permit a competent individual to elect, in an advance directive, to waive the right to revoke any part or all of the advance directive during a period when the individual has been certified as being incapable of making an informed decision by the individual's attending physician and a second physician.

***House Bill 1106* (passed)** establishes that an electronic advance directive, created in compliance with the electronic witness protocols of the Advance Directive Registry of DHMH, shall be recognized as satisfying the witness requirement for an advance directive. Chapter 549 of 2013 required DHMH to take all steps necessary to make a registry of advance directives operational in the State by October 1, 2014. The Maryland Health Care Commission (MHCC) was tasked with implementing the registry. MHCC contracted with AD Vault Inc., the operator of MyDirectives.com, a free, secure, web-based system that allows individuals to document and store advance directives in a secure database to serve as the State's registry. Current protocols of MyDirectives.com, require an individual creating an advance directive to enter the email addresses of two potential witnesses, who then receive an automated email requesting that they serve as witnesses. A potential witness who accepts is permitted to review the electronic advance directive and then electronically sign the document.

Testing and Treatment of Diseases

***House Bill 978* (Ch. 112)** alters the requirements for obtaining informed consent from an individual before testing for the human immunodeficiency virus (HIV) and switches consent procedures from "opt-in" to "opt-out" testing. The Act requires a health care provider to (1) inform the individual that a sample will be used to test for HIV unless the individual refuses; (2) provide information on the HIV infection and the meaning of positive and negative test results; and (3) offer the individual an opportunity to ask questions and decline HIV testing.

Expedited Partner Therapy Program

Chapter 146 of 2007 established the Expedited Partner Therapy (EPT) Pilot Program in the Baltimore City Health Department to provide antibiotic therapy to the partner of a patient diagnosed with either chlamydia or gonorrhea without making a personal physical assessment of the patient's partner. Chapter 136 of 2010 extended the termination date for the EPT Pilot Program from June 30, 2010, until June 30, 2015.

***Senate Bill 599* (passed)** authorizes expanded EPT throughout Maryland, beginning October 1, 2015. The purpose of EPT is altered to encompass reducing the likelihood of reinfection in the diagnosed patient, and the program may include prescribing antibiotic therapy to any sexual partner of a patient diagnosed with chlamydia or gonorrhea without making a personal physical assessment of the patient's partner. The Secretary of Health and Mental Hygiene must adopt regulations and implement requirements for practicing EPT in public and private health care settings in Maryland. The bill repeals the termination date of the Baltimore City EPT Pilot Program and repeals the requirement that the Baltimore City Health Department publish annual reports on the operation and performance of the program. ***Senate Bill 337*/*House Bill 228* (both passed)** also make the Baltimore City EPT Pilot Program permanent and repeal the requirement that the Baltimore City Health Department publish annual reports on the operation and performance of the program.

Miscellaneous Public Health Issues

Disposal of a Body

The lack of specific statewide laws addressing proper disposal of a human body has created concern in Maryland resulting from reported cases involving the disposal of human remains. ***House Bill 431* (passed)** restricts where an individual may bury or dispose of a body. An individual may only dispose of a body (1) in a family burial plot or other area allowed by local ordinance; (2) in a crematory; (3) in a cemetery; (4) by donating the body to medical science; or (5) by removing the body to another state for final legal disposition. An individual who violates the provisions of the bill is guilty of a misdemeanor and subject to maximum penalties of one year imprisonment and/or a fine of $5,000.

Farmstead Cheese

Chapter 437 of 2007 established the Farmstead Cheese Pilot Program in Talbot County, created a milk processor – farmstead cheese producer permit, and authorized a permit holder to produce farmstead cheese. In 2008, the program was expanded to five dairy farmers statewide and in 2009, the program's termination date was repealed and DHMH was required to write a report on the status of the farmstead cheese program. In October 2013, DHMH published the required report and concluded that the program has been successful and well received by the producers and the community. ***Senate Bill 122*/*House Bill 540*** ***(Chs. 14 and 15)*** further expand the program by removing the limitation (1) on the number of milk processor – farmstead cheese producer permits that may be issued under the program; (2) the permissible number of animals in the herd or flock of the dairy farm; and (3) the number of times a permit may be renewed.

Registered Nurses Dispensing Drugs – Local Health Departments

Under ***Senate Bill 626*** ***(Ch. 44)***, a registered nurse who complies with a specific formulary and other specified requirements is authorized to personally prepare and dispense prescription drugs and devices in a local health department (1) in accordance with the Overdose Response Program or the Expedited Partner Therapy Pilot Program or (2) to patients in need of communicable disease, alcohol and drug abuse, family planning, or reproductive health services. A local health department that employs a registered nurse who personally prepares and dispenses prescription drugs and devices is subject to inspection by DHMH. DHMH is required to establish and administer a training program for registered nurses who are authorized to personally prepare and dispense prescription drugs. Finally, the Act establishes the Committee on Registered Nurses Personally Preparing and Dispensing Drugs and Devices in Local Health Departments to develop, approve, and annually review a formulary for use by registered nurses.

Organ Transplants

Under ***Senate Bill 792*** ***(passed)***, a covered entity is prohibited, solely on the basis of an individual's disability, from (1) considering a qualified individual ineligible to receive an anatomical gift or organ transplant; (2) denying medical and other services related to organ transplantation, including evaluation, surgery, counseling, and posttransplantation treatment and services; (3) refusing to refer the individual to a transplant center or a related specialist; (4) refusing to place a qualified individual on an organ transplant waiting list; or (5) placing an otherwise qualified individual at a lower-priority position on an organ transplant waiting list. However, if an individual has the necessary support system to assist in complying with posttransplantation medical requirements, an individual's inability to independently comply with such requirements may not be found to be medically significant. With specified exceptions, reasonable modifications must be made to policies, practices, and procedures, when necessary to allow an individual with a disability access to services. If a covered entity violates the provisions of the bill, the affected individual can bring an action in the appropriate circuit court for injunctive or other equitable relief. Finally, ***Senate Bill 792*** prohibits specified insurers, nonprofit health service plans, and health maintenance organizations that provide coverage for organ transplantation from denying coverage for an organ transplantation solely on the basis of an insured's or enrollee's disability.

Allergy Treatment

Chapter 551 of 1995 charged DHMH with administering the Insect Sting Emergency Treatment Program which would provide a means of authorizing individuals to administer life-saving treatment to persons who have severe adverse reactions to insect stings when medical services are not immediately available. The program has never been implemented and ***Senate Bill 344*/*House Bill 658* (both passed)** instead establish the emergency and allergy treatment program for the purpose of providing life-saving treatment to individuals experiencing anaphylaxis (an acute, potentially life-threatening, allergic reaction) in a youth camp certified by DHMH. An operator of a youth camp or an agent may administer auto-injectable epinephrine if the individual has successfully completed an educational training program approved by DHMH. The operator must notify parents of the youth camp's policy and reports are required for incidents that occur while the youth camp is in session that required the administration of auto-injectable epinephrine. The bills establish legal immunities for participating certificate holders, their agents, physicians, and pharmacists.

School-based Health Centers

Senate Bill 403*/*House Bill 375* (both passed)** replace the Maryland School-based Health Center Policy Advisory Council at the Maryland State Department of Education with the Maryland Council on Advancement of School-Based Health Centers. For a more detailed discussion of ***Senate Bill 403*/*House Bill 375, see the subpart "Education – Primary and Secondary" within Part L – Education of this *90 Day Report*.

Health Occupations

General

Members of Boards and Advisory Committees

***House Bill 58* (passed)** prohibits an individual from serving concurrently as a member of a health occupations board or an advisory committee and as an elected officer of a professional association that is organized under the laws of the State and represents and advocates for the interests of the individuals regulated by that health occupations board. An "advisory committee" means a committee established by statute or regulation that functions as a subunit of a health occupations board.

Continuing Education in Health Care Disparities, Cultural and Linguistic Competency, and Health Literacy

In general, health occupations boards have continuing education requirements specific to their various disciplines. The health occupations boards require licensees to complete continuing education during the period preceding the expiration of the license. Health care professionals submit evidence of completion of required continuing education to the appropriate health occupations board according to regulations adopted by respective health occupations boards.

***Senate Bill 198*/*House Bill 580* (both passed)** require the Office of Minority Health and Health Disparities in the Department of Health and Mental Hygiene to provide specified health occupations boards with a list of recommended courses in cultural and linguistic competency, health disparities, and health literacy. Each board must (1) post the recommended courses on the board's website; (2) provide information about the courses to licensees at the time of licensure renewal; and (3) advertise the availability of the recommended courses in specified board publications.

Therapy Management Contracts

Chapter 249 of 2002 established the Drug Therapy Management Program, which authorizes a physician and a pharmacist to enter into a therapy management contract that specifies treatment protocols that may be used to provide care to a patient. A pharmacist may order laboratory tests and other patient care measures related to monitoring or improving the outcomes of drug or device therapy based on disease-specific, mutually agreed-upon protocols. ***Senate Bill 347*/*House Bill 716* (both passed)** expand the Drug Therapy Management Program to include licensed podiatrists or certified advanced practice nurses with prescriptive authority, in addition to licensed physicians.

Criminal History Records Checks

Nine health occupations boards currently require criminal history records checks (CHRCs); all but two upon initial application only. ***Senate Bill 449* (Ch. 34)** requires applicants and licensees of the State Board of Physicians to submit to CHRCs as a qualification for licensure, and creates new grounds for disciplinary action if a licensee fails to submit to a required CHRC. ***Senate Bill 391* (passed)** requires applicants for a license, permit, or registration issued by the State Board of Morticians and Funeral Directors (except for registration of crematory operators or permits to operate a crematory) to either (1) submit to a State and national CHRC or (2) submit to the board a CHRC conducted by a board-approved accredited agency.

Audiologists and Speech-language Pathologists

In general, an individual must be licensed by the State Board of Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists before the individual may practice audiology, provide hearing aid services, or practice speech-language pathology, with specified exceptions. ***Senate Bill 829* (passed)** establishes an exemption from the licensure requirements for an individual who is licensed to practice audiology or speech-language pathology in another state or foreign country and provides a clinical demonstration or receives clinical training at a training or educational event in the State.

Chiropractors and Massage Therapists

The State Board of Chiropractic and Massage Therapy Examiners is the only board with a statutory requirement that a licensee or registrant obtain approval from the board before using a

trade name. ***House Bill 208*** ***(passed)*** repeals the requirement for a licensed chiropractor, licensed massage therapist, or a registered massage practitioner.

Environmental Health Specialists

Environmental health specialists perform inspections and investigations to secure compliance with environmental and health laws and regulations to ensure that people do not become sick because of their environments. ***House Bill 556*** ***(Ch. 94)*** revises the avenues for licensure qualification as an environmental health specialist and the required course work. Under current law, there are four qualifying education and training combinations that qualify for licensure as an environmental health specialist. The Act combines two options and revises the remaining two. The Act also requires the State Board of Environmental Health Specialists to elect a chairman, vice chairman, and secretary once every two years, rather than annually, and to appoint an executive director. Licensees must notify the board of any address change within 60 days.

Morticians and Funeral Directors

Cease and Desist Orders and Injunctive Relief

Senate Bill 160/***House Bill 729*** ***(both passed)*** authorize the State Board of Morticians and Funeral Directors, subject to hearing provisions and in addition to other authorized sanctions, to issue a cease and desist order, impose a civil fine of up to $5,000 per offense, or both for (1) practicing mortuary science without a license or (2) misrepresentation to the public that a person is authorized to practice mortuary science. Each violation is a separate offense if it occurs at a different time, date, or location or on the same date and location at a different time. All fines accrue to the general fund. The board may not issue a cease and desist order to a funeral establishment that was previously licensed by the board.

Funeral Establishment Licenses

Funeral establishments must be licensed by the board before they may be used for the preparation of remains, viewing, or conducting services. ***House Bill 463*** ***(passed)*** clarifies that the State Board of Morticians and Funeral Directors may only issue a funeral establishment license if (1) the establishment is owned and operated by an individual or a group of individuals in which each individual is a licensed mortician, a licensed funeral director, or a holder of a surviving spouse license; (2) the funeral establishment is owned or operated by a holder of a corporation license; or (3) the funeral establishment is operated by a holder of an executor license.

Notice of Vacancies on the State Board of Morticians and Funeral Directors

Mortician and funeral director members of the board must be licensed and in good standing, have practiced mortuary science actively for at least five years immediately before appointment, and qualify for license renewal. ***House Bill 561*** ***(passed)*** requires the State Board of Morticians and Funeral Directors to send, by electronic or regular mail, a notice of any board vacancy for a licensed mortician or funeral director to each mortician and funeral director licensed by the board

and to each professional association that requests such notice. The required notice must include (1) the type of member vacancy; (2) the qualifications for the member vacancy; and (3) a detailed explanation of the process for applying for the member vacancy.

Unclaimed Cremains

The regulation of crematories in the State is shared between the Office of Cemetery Oversight in the Department of Labor, Licensing, and Regulation and the State Board of Morticians and Funeral Directors in the Department of Health and Mental Hygiene. Thousands of cremations are performed in Maryland each year. The State Anatomy Board advises that there are approximately 1,000 unclaimed cremains in the possession of funeral homes or crematories in the State (the majority are in funeral homes). The percentage of the cremains that are veterans or eligible dependents is unknown. The Missing in America Project is a nonprofit organization founded in 2007 to locate, identify, and inter the unclaimed cremains of American veterans.

***Senate Bill 433* (passed)** (also discussed under subpart "Business Occupations" within Part H – Business and Economic Issues of this *90 Day Report*) requires funeral homes and crematories possessing cremains for 90 days or more, to provide identifying information to a veterans service organization, such as the Missing in America Project, for the purpose of determining whether the cremains are those of a veteran or eligible dependent. If the service organization determines that the cremains are those of a veteran or eligible dependent, the cremains may be transferred to the service organization for disposition of the cremains. Funeral establishments, crematories, and veterans service organizations acting in good faith under the bill's provisions are not subject to civil liability for transferring or receiving unclaimed cremains.

Nursing

Midwives

The profession of midwifery includes nurse-midwives and direct-entry midwives. The State Board of Nursing provides advanced practice registered nurse certification to nurse-midwives, who must also be licensed registered nurses. Under board regulations, an applicant for certification as a nurse-midwife must hold a current license to practice registered nursing in Maryland and complete a program in a clinical nurse specialty area accredited by a national certifying body that is specified or recognized by the board. Direct-entry midwifery refers to an educational path that does not require prior nursing training to enter the profession.

***House Bill 9* (passed)** establishes the Direct-Entry Midwifery Advisory Committee within the State Board of Nursing and the procedures for obtaining and renewing a license to practice direct-entry midwifery. The bill alters what is included and not included in the practice of direct-entry midwifery and provides for the situations in which a licensed direct-entry midwife (LDEM) is required to transfer the care of the patient to another health care practitioner, the situations in which an LDEM is required to consult with a health care practitioner, and the situations in which an LDEM must arrange for the immediate transfer of a patient to a hospital. The Board of Nursing is required to develop an informed consent agreement and an LDEM must submit an annual report to the committee that includes specified data. The bill requires an LDEM

to meet specified educational requirements and subjects an LDEM to specified disciplinary grounds. Finally, the bill creates a workgroup to study the development of the standardized transfer form, the standardized informed consent agreement, and a midwifery formulary, and requires the Department of Legislative Services (DLS) to study data related to vaginal births after cesareans attended by midwives in other states and countries.

Nurse Practitioners

Senate Bill 723*/*House Bill 999 (***both passed***) repeal the law that requires a certified nurse practitioner practicing in the State to have an approved attestation that the nurse practitioner has a collaboration and consulting agreement with a physician. The bills instead require an applicant for initial certification as a nurse practitioner to identify a physician or nurse practitioner to act as a mentor who will consult and collaborate with the applicant for an 18-month period. The Board of Nursing is required to adopt regulations to implement the bill.

Nursing Home Administrators

Approximately 70 entities, including each of the boards regulated under the Health Occupations Article, are subject to periodic evaluation conducted by DLS in accordance with the Maryland Program Evaluation Act. The Act establishes a process better known as "sunset review" as most agencies evaluated are also subject to termination, including the Board of Examiners of Nursing Home Administrators. In 2014, DLS conducted a preliminary evaluation of the board. As termination of the board would put approximately $571.5 million in federal funding for Maryland nursing homes at risk, DLS recommended that the board's termination date be repealed but the evaluation requirement be retained, with a preliminary evaluation undertaken in 10 years to ensure that the board continues to operate well. The General Assembly implemented these recommendations through ***House Bill 68 (Ch. 59)***.

Pharmacists and the Regulation of Pharmacies

Pharmacists

The Model State Pharmacy Act and Model Rules of the National Association of Boards of Pharmacy include provisions that authorize a pharmacist, during a state of emergency, to dispense up to a 30-day supply of a prescription drug without prescriber authorization. ***House Bill 591 (Ch. 98)*** mirrors the model provisions by expanding the authority for a pharmacist to refill prescriptions without an authorization from 14 to 30 days. Under the Act, a pharmacist working in Maryland, during a state of emergency declared by the federal government or any state government, may provide up to a 30-day supply of a prescription drug for which a refill has not been authorized.

The practice of pharmacy has expanded in recent years to encompass health care services beyond dispensing of prescription drugs. Chapters 255 and 256 of 2013, for instance, expanded the authority of pharmacists to administer vaccinations. Also, as noted above, the Drug Therapy Management program allows a pharmacist to order laboratory tests and provide other patient care.

House Bill 657 ***(passed)*** further expands the scope of practice of pharmacists by authorizing a pharmacist to administer a "self-administered drug" that is prescribed by an authorized prescriber.

A pharmacist rehabilitation committee is a group, a majority of which must be pharmacists, that is recognized by the State Board of Pharmacy. The committee evaluates and provides assistance to any pharmacist, registered pharmacy intern, or registered pharmacy technician in need of treatment and rehabilitation for alcoholism; drug abuse; chemical dependency; or other physical, emotional, or mental condition. Only one group has a majority of pharmacists and meets the statutory definition of a pharmacist rehabilitation committee – the Pharmacists' Education and Advocacy Council (PEAC). The board has contracted with PEAC since its establishment in 1983. In response to a finding in the DLS 2011 sunset evaluation, the board submitted a report in 2013 recommending that statute be amended to allow rehabilitation providers that do not consist of a majority of pharmacist members to bid on future contracts. ***House Bill 748*** (***Ch. 102***) requires the committee to include at least one pharmacist rather than a majority of pharmacists.

Sterile Compounding and Sterile Drug Products

Chapter 397 of 2013 regulates facilities or practitioners that perform sterile compounding or distribute a sterile drug product into or within Maryland. Sterile compounding facilities (including a pharmacy, a health care practitioner's office, or any other setting in which sterile compounding is performed) must hold a sterile compounding permit from the board. Subsequent to passage of Chapter 397, the federal Drug Quality and Security Act (DQSA) was enacted in November 2013. DQSA provides oversight of (1) sterile drug products produced in bulk quantities and (2) sterile compounding performed by health care practitioners for identified individual patients. Traditional compounding pharmacies remain under the oversight of state boards of pharmacies. The definition of "compounding" in DQSA is less restrictive than the definition of the term in Maryland law.

Senate Bill 69 (***Ch. 5***) repeals (1) the requirement that sterile compounding facilities hold a sterile compounding permit from the State Board of Pharmacy; (2) the requirement that a person that prepares and distributes sterile drug products into or within the State hold both a manufacturer's permit or other permit from the U.S. Food and Drug Administration and a wholesale distributor's permit from the board; and (3) the board's authority to issue a waiver of these requirements. Instead, pharmacies that dispense "compounded sterile preparations" to Maryland patients must (1) comply with USP 797 (enforceable sterile compounding standards issued by The United States Pharmacopeia) and board regulations governing the compounding of sterile preparations and (2) submit an inspection report that demonstrates such compliance as a condition of obtaining a pharmacy permit from the board.

Residential Child Care Program Professionals

Senate Bill 201 ***(passed)*** expands background clearance requirements for certified program administrators and certified residential child and youth care practitioners as a condition for obtaining and renewing a certificate from the State Board for the Certification of Residential Child Care Program Professionals. The bill also requires the governing body of each residential child

care program to appoint a chief administrator and establishes certain duties for the chief administrator. The bill makes several procedural changes to management requirements for residential child care programs, updates outdated language, and makes other clarifying revisions to the board's statute.

Physical Therapists

In order to practice physical therapy or limited physical therapy in Maryland, individuals must be licensed by the board. Applicants must meet all requirements set by the board, submit to a criminal history records check, and pass the appropriate examination given by the board. ***House Bill 179 (Ch. 74)*** prohibits an individual who fails the required national licensing examination six times from (1) retaking the examination a seventh time or (2) being licensed by the State Board of Physical Therapy Examiners as a physical therapist or a physical therapist assistant.

The Motor Vehicle Administration (MVA) may provide a special disability registration number and plates, or a temporary or permanent parking placard, to the owner of a vehicle who submits satisfactory proof of specified medical conditions. A certified nurse practitioner or a licensed physician, chiropractor, optometrist, or podiatrist must certify that the vehicle owner has a cardiovascular, lung, ambulatory, visual, or other specified disability in accordance with the Maryland Vehicle Law. ***House Bill 201*** (***Ch. 76***) authorizes a licensed physical therapist to certify that an individual has specified medical conditions that allow the individual to apply to MVA for the assignment of a special disability registration number and plates, or a temporary or permanent disability parking placard. The State Board of Physical Therapists must maintain a database that MVA can use to verify licensure of a physical therapist. For a further discussion of ***House Bill 201***, see the subpart "Motor Vehicles" within Part G – Transportation and Motor Vehicles of this *90 Day Report.*

Professional Counselors and Therapists

There are two tiers of alcohol and drug counselors: licensed and certified. Within these tiers, there are licensed clinical counselors, licensed graduate counselors, certified associate counselors, and certified supervised counselors. ***Senate Bill 575***/***House Bill 629*** ***(both passed)*** make clarifying corrections and updates to the education and supervision qualifications for licensed clinical- and graduate counselors-alcohol and drug and for certified associate and certified supervised counselors-alcohol and drug. The bills also clarify limitations for practicing as a certified associate counselor-alcohol and drug or as a certified supervised counselor-alcohol and drug. According to the board, the bills are intended to address challenges (identified by a workgroup in 2013 and 2014) affecting the profession's ability to maintain a sufficient workforce to support the demand for substance use disorder services.

Senate Bill 49/***House Bill 805*** ***(both passed)*** require the State Board of Professional Counselors and Therapists to require an applicant, licensee, certificate holder, or trainee to submit to a competency examination if, while reviewing an application for licensure, certification, or trainee status or investigating an allegation against a licensee, certificate holder, or trainee, the

board finds reasonable evidence that the individual may cause harm to a person. The board must pay the reasonable cost of any required competency examination for a licensee, certificate holder, or trainee. However, an applicant must pay the reasonable cost of any examination required of the applicant.

Health Care Facilities and Regulation

Surveys, Inspections, and External Review

***Senate Bill 596* (Ch. 41)** modifies the frequency that the Office of Health Care Quality (OHCQ) must conduct surveys or external reviews of (1) freestanding ambulatory care facilities; (2) freestanding birthing centers; (3) home health agencies; (4) health maintenance organizations (HMOs); and (5) nursing homes. The modifications reflect the current practice and staffing realities of OHCQ and conform to federal survey frequency guidelines. Under the Act, ambulatory care facilities will be surveyed at least once every six years, with 25% of facilities being surveyed every year; freestanding birthing centers will continue to be surveyed annually; home health agencies will be surveyed every three years; and nursing homes will be surveyed at least annually. HMOs are exempt from external review if accredited by an organization approved by the Secretary of Health and Mental Hygiene.

Hospitals – Federal 340B Drug Pricing Program

The federal 340B Drug Pricing Program requires drug manufacturers to provide outpatient drugs to eligible nonprofit health care organizations, including certain hospitals, in order to stretch scarce federal resources to reach more eligible patients and provide more comprehensive services. Approximately 18 Maryland hospitals currently participate in the program. ***Senate Bill 513*/*House Bill 613* (both passed)** permit hospitals eligible to participate in the program to extend participation to a "child site" (or satellite site) at another hospital if the site was part of the hospital's merged asset system on June 1, 2015, and meets other federal requirements. Approximately 8 to 10 additional hospitals could participate in the program under the bills, resulting in net savings to the Maryland Medicaid program.

Ambulatory Surgical Facilities

House Bill 327* (passed)** alters the definitions of "ambulatory surgical facility" and "surgical services." Rather than providing services that do not require overnight hospitalization, an ambulatory surgical facility can provide services as long as the services do not require hospitalization and the expected duration of services will not exceed 24 hours following admission. ***House Bill 327 conforms Maryland's definitions to reflect federal regulations and current practices of State surveyors in OHCQ.

Nondiscrimination in Access to Anatomical Gifts and Organ Transplantation

***Senate Bill 792* (passed)** prohibits discrimination by any "covered entity" against a potential recipient of any anatomical gift or organ transplant solely on the basis of an individual's disability. "Covered entities" includes, among other entities, health care facilities, laboratories, State psychiatric hospitals and residential centers, alternative living units, and group homes. 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.*

Health Insurance

Medical Stop-loss Insurance

Medical stop-loss insurance is a product that provides protection against catastrophic or unpredictable losses. It is purchased by employers that self-fund their employee benefit plans but do not want to assume 100% of the liability for losses. ***House Bill 552* (passed)** increases the minimum attachment points for medical stop-loss insurance issued or delivered in the State, establishes consumer protections for medical stop-loss insurance issued to small employers, and requires the Maryland Insurance Administration (MIA) to conduct a study of the use of medical stop-loss insurance in self-funded employer health plans. The bill terminates June 30, 2018.

Minimum Attachment Points

Stop-loss insurance comes in two forms: specific and aggregate. Specific stop-loss is excess risk coverage that provides protection for the employer against a high claim on any one individual. Aggregate stop-loss provides a ceiling on the dollar amount of total eligible expenses that an employer pays during the contract period. Under ***House Bill 552***, a specific attachment point (the dollar amount in losses attributable to a single individual in a policy year beyond which the insurer assumes liability for losses incurred by the insured) may be no less than $22,500. An aggregate attachment point (the percentage of expected claims in a policy year above which the insurer assumes liability for losses incurred by the insured) may be no less than 120% of expected claims. Policies or contracts issued before June 1, 2015, as well as policies or contracts issued on or after this date that meet specified requirements, are grandfathered and must have a specific attachment point of at least $10,000 and an aggregate attachment point of at least 115% of expected claims, requirements in current law.

Consumer Protections

The bill also establishes consumer protection standards for medical stop-loss insurance issued to a small employer. A stop-loss insurer may not impose higher cost sharing for a specific individual within a small employer's health benefit plan than is required for other individuals within the plan, decrease or remove coverage for a specific individual within a plan, or exclude any employee or dependent from a policy or contract on the basis of an actual or expected health

status-related factor or condition. An insurer must also guarantee rates for at least 12 months, without adjustment, except under specified circumstances, pay claims incurred during the policy or contract period and submitted within 12 months after the expiration date of the policy or contract, and disclose to a small employer specified information before entering into a policy or contract for medical stop-loss insurance.

Health Reform Implementation

Conformity with Federal Law and Selection of State Benchmark Plan

***Senate Bill 556* (passed)** alters State insurance law to conform to the federal Patient Protection and Affordable Care Act (ACA) and corresponding federal regulations adopted to implement the ACA, as well as federal regulations issued under the federal Mental Health Parity and Addiction Equity Act. Among other changes, the bill standardizes required coverage levels for individual, group, and blanket health insurance plans under the State's mental health parity law, modifies provisions that govern special enrollment periods for coverage offered to employees of small employers and for individual health benefit plans, and establishes requirements for student health plans. The bill also specifies that prescription drug benefit requirements under the ACA apply to individual health insurance coverage and health insurance coverage offered in the small group and large group markets in Maryland.

The ACA requires health plans offered to individuals and small employers to include a comprehensive set of items and services known as "essential health benefits." The federal government has delegated the authority to states to select a benchmark plan for 2017 that includes benefits and services that will constitute the essential health benefits package. ***Senate Bill 556*** requires the Maryland Insurance Commissioner, in consultation with the Maryland Health Benefit Exchange, to select the State benchmark plan for 2017 and until the Secretary of the U.S. Department of Health and Human Services requires that a new benchmark plan be selected. The benchmark plan must meet specified criteria, such as including, for individual health benefit plans, any mandated benefits that were required in individual health benefit plans before December 31, 2011.

Repeal of the Small Employer Health Benefit Plan Premium Subsidy Program

The Small Employer Health Benefit Plan Premium Subsidy Program, also known as the Health Insurance Partnership, has provided subsidies to small employers that offer health benefit plans to their employees and meet other specified criteria. ***House Bill 759* (passed)** repeals the program as federal tax credits are now available for qualifying employers under the Small Business Health Options Program (SHOP) in the Maryland Health Benefit Exchange.

Assignment of Benefits and Payments to Providers

An assignment of benefits (AOB) is a transfer of health care coverage reimbursement benefits or other rights under a health insurance policy or contract by an insured. Legislation

passed this session made permanent AOB provisions relating to nonpreferred providers and ambulance service providers.

Nonpreferred Providers

Chapter 537 of 2010 prohibited preferred provider organization (PPO) policies provided by health insurance carriers from refusing to honor an AOB to a health care provider and imposed specific billing, disclosure, and payment rate requirements for on-call and hospital-based physicians when they are considered out-of-network by a PPO and obtain an AOB from an insured. Out-of-network on-call and hospital-based physicians who obtain an AOB must refrain from collecting or attempting to collect any money, other than a deductible, copayment, or coinsurance, owed to the physician by the insured for covered services rendered. Chapter 537 included a five-year termination provision. ***House Bill 230 (Ch. 79)*** repeals the termination provision.

Ambulance Service Providers

Chapters 425 and 426 of 2011 required a health insurance carrier, except for a health maintenance organization (HMO), to reimburse directly an ambulance service provider that obtains an AOB from the insured for covered services provided to the insured. The 2011 legislation also required an HMO to reimburse an ambulance service provider directly for covered services provided to an enrollee. Among other provisions, the legislation prohibited an ambulance service provider that receives direct reimbursement for covered services from balance billing an insured, subscriber, or enrollee, other than to collect (1) any copayment, deductible, or coinsurance amount owed; (2) if Medicare is the primary insurer, any amount not owed by Medicare after coordination of benefits; and (3) any payment or charge for noncovered services. Chapters 425 and 426 included a provision that would terminate the legislation on June 30, 2015. ***House Bill 562 (passed)*** repeals the termination provision.

Mandated Coverage and Cost Sharing

Infertility Services

Senate Bill 416/House Bill 838 (both passed) alter required conditions for health insurance coverage of in vitro fertilization (IVF) in order to extend the mandated benefit to same-sex married couples. For same-sex married couples, a health insurance carrier that provides pregnancy-related benefits must provide coverage for IVF if the couple has a history of involuntary infertility, which may be demonstrated by a history of six attempts of artificial insemination over the course of two years failing to result in pregnancy, and meets other specified conditions for coverage. The legislation also clarifies IVF coverage requirements for heterosexual married couples by specifying that for such couples, the patient's oocytes must be fertilized with the patient's spouse's sperm and the couple must have a history of involuntary infertility, which may be demonstrated by a history of intercourse of at least two years' duration failing to result in pregnancy. Mandated coverage of IVF does not apply to health insurance policies or contracts issued to small employers.

The legislation prohibits carriers that provide coverage for infertility benefits other than IVF from requiring, as a condition of coverage for same-sex married couples, that the patient's

spouse's sperm be used in the covered treatments or procedures or that the patient demonstrate infertility exclusively by means of a history of unsuccessful heterosexual intercourse. Carriers subject to the requirements relating to infertility coverage are not responsible for any costs incurred by a policyholder or subscriber or dependent of a policyholder or subscriber in obtaining donor sperm.

Ostomy Equipment and Supplies

***Senate Bill 241* (Ch. 23)** requires health insurance carriers to provide coverage for all medically necessary equipment and supplies used for the treatment of ostomies (surgery typically related to treatments of digestive or urinary diseases). Coverage of equipment and supplies used for the treatment of ostomies may be subject to the annual deductibles or coinsurance requirements imposed by a carrier for similar coverages under the same policy or contract. The annual deductibles or coinsurance requirements imposed may not, however, be greater than the annual deductibles or coinsurance requirements imposed by the carrier for similar coverages. The Act does not apply to a policy or contract that provides the essential health benefits required under the ACA.

Abuse-deterrent Opioid Analgesic Drug Products

An abuse-deterrent opioid analgesic drug product is a product approved by the U.S. Food and Drug Administration with abuse-deterrent labeling that indicates the drug product is expected to result in a meaningful reduction in abuse. Abuse-deterrent formulations may include physical/chemical barriers, agonist/antagonist combinations, altered delivery systems, or prodrugs (those that lack opioid activity until transformed in the gastrointestinal tract).

***Senate Bill 606*/*House Bill 887* (both passed)** require health insurance carriers that provide prescription drug coverage to provide coverage for at least two brand-name abuse-deterrent opioid analgesic drug products, each containing different analgesic ingredients, on the lowest cost tier for brand-name prescription drugs on the carrier's formulary. Carriers must also provide coverage for at least two generic abuse-deterrent opioid analgesic drug products, if available, with each containing different analgesic ingredients, on the lowest cost tier for generic drugs on the carrier's formulary. The legislation prohibits carriers from requiring an insured to first use an opioid analgesic product without abuse-deterrent labeling before providing coverage for an abuse-deterrent product. Carriers may, however, undertake utilization review for the abuse-deterrent drug products if the same requirements are applied to non-abuse-deterrent opioid analgesic drug products covered in the same formulary tier as the abuse-deterrent opioid analgesic product.

Organ Transplantation

***Senate Bill 792* (passed)** prohibits health insurance carriers that provide coverage for organ transplantation under policies or contracts issued or delivered in the State from denying coverage for an organ transplantation solely on the basis of an insured's or enrollee's disability. The bill provides that it may not be construed to require a carrier to provide coverage for an organ transplantation that is not medically necessary. For a further discussion of Senate Bill 792, see the

subpart "Public Health – Generally" within Part J – Health and Human Services of this *90 Day Report*.

Nonprofit Health Service Plan Surplus Requirements

In December 2014, the District of Columbia Department of Insurance, Securities, and Banking (DC DISB) issued an order finding that Group Hospitalization and Medical Services, Inc. (GHMSI), a subsidiary of CareFirst BlueCross BlueShield, had a year-end 2011 surplus (998% of the risk-based capital authorized control level or RBC-ACL) that was excessive. GHMSI is domiciled in the District of Columbia, but sells PPO products and covers members in Montgomery and Prince George's counties, as well as in portions of northern Virginia. In its order, DC DISB ordered GHMSI to redistribute $56 million to DC members. According to CareFirst, MIA ordered GHMSI to have a targeted surplus of between 1000% and 1300% RBC-ACL in 2012. CareFirst maintains that the DC DISB regulatory action threatens the stability of GHMSI for its Maryland members as it reduces funds available to pay medical claims.

***House Bill 859* (Ch. 108)** authorizes the Maryland Insurance Commissioner to hold a hearing or conduct an examination if another state enacts a law or takes a regulatory action that requires a nonprofit health service plan to distribute or reduce its surplus on the grounds that the surplus is excessive. If the Commissioner determines that the surplus distribution or reduction has an impact on the plan that is harmful to the interests of subscribers covered by policies issued or delivered in Maryland, the Commissioner must issue an order to protect the subscribers. The Act also prohibits a nonprofit health service plan from distributing or reducing its surplus under a law or regulatory action subject to the Act, except with approval of the Commissioner.

Submission of Claims

***Senate Bill 450* (Ch. 35)** requires health insurance carriers to permit an insured, subscriber, or member seeking reimbursement for expenses to submit a claim for reimbursement by first-class mail and, at the election of the carrier, by fax or through a secure website. Carriers must also provide annually a notice that a claims form may be submitted by these means and instructions on how to submit a claim by fax or through a secure website.

Social Services

Family Investment Program

The Family Investment Program (FIP) provides supportive services and financial aid to qualifying families to help them achieve and maintain self-sufficiency. The Family Investment Administration of the Department of Human Resources (DHR) is the central coordinating and directing agency for the program which is administered by local departments of social services.

Couples Advancing Together Pilot Program

Chapter 367 of 2013 required DHR to establish the Couples Advancing Together Pilot Program to assist 100 couples in at least three counties that qualify for FIP to move toward stable relationships and employment. DHR established a pilot program in Baltimore City through the Center for Urban Families. ***House Bill 460* (passed)** extends from June 30, 2015, to June 30, 2016, the termination date for the pilot program, and specifies that the pilot program will remain in one county and will assist an additional 50 couples. The bill changes eligibility requirements so that the couple being assisted must be raising a child under the age of 14 years. The Secretary of Human Resources must report annually to the Senate Finance Committee and the House Appropriations Committee on participation rates, successful completion rates, factors that affect program participation, the number of participants who obtain employment, and the employment and benefit details for those participants who obtain employment.

The Homeless

Chapter 341 of 2014 created the Interagency Council on Homelessness to study issues relating to homelessness, consult with stakeholders, review and make recommendations on State statutes, regulations, program services, and budgetary priorities, and provide an annual report to the General Assembly. ***House Bill 852* (passed)** requires the Interagency Council on Homelessness to determine best practices and models for providing emergency shelter and shelter diversion, including ensuring the health, safety, and security of shelter residents; providing client-centered and trauma-informed support services; and ensuring equal access to protected classes under applicable federal, State, and local civil rights laws.

The Elderly

***Senate Bill 297* (passed)** establishes the Task Force on Family Caregiving and Long-Term Supports to identify policies, resources, and programs available for family caregivers; find innovative and creative means to support family caregivers; receive testimony on the needs of family caregivers; compile an inventory of the resources available to family caregivers; and evaluate and recommend actions the State could take to develop, train, and retain a qualified and responsive in-home care workforce. AARP Maryland is to provide staff for the task force. By September 30, 2016, the task force must report its findings and recommendations to the Governor and the General Assembly.

The Disabled

Maryland Achieving a Better Life Experience Program

The federal Stephen Beck, Jr. *Achieving a Better Life Experience Act* of 2014 was enacted in December 2014. The Act creates a new Section 529A of the Internal Revenue Code that permits a state (or a state agency or instrumentality) to establish and maintain a new type of tax-advantaged savings program, a qualified Achieving a Better Life Experience (ABLE) program, under which contributions may be made to an account that is established for the purpose of meeting the qualified

disability expenses of the designated beneficiary of the account who is a resident of that state and who is disabled. ***Senate Bill 761/House Bill 1105*** ***(both passed)*** specify that it is the intent of the General Assembly that the State establish a Maryland ABLE program, establish a task force on the ABLE program, and charge the task force with developing a plan for implementing the Maryland ABLE program.

The task force must make recommendations on the structure of the program, whether the program should be State-sponsored or privately run, and if State-sponsored, whether the program should be operated by the College Savings Plans of Maryland or another State agency. The task force must also determine the staffing and funding needs of the program; identify potential sources of start-up funding prior to the program becoming self-supporting; determine the membership of the board that will oversee the program, the duties of the board, and the board's governance structure; and determine the State tax benefits or treatment of contributions to and withdrawals from ABLE accounts. The Maryland Department of Disabilities (MDOD) must provide staff for the task force, with support from the Department of Legislative Services, in consultation with the College Savings Plans of Maryland, the Maryland State Treasurer's Office, and the Comptroller of Maryland's office. The task force must submit a report of its findings and recommendations by December 1, 2015, including recommendations for legislation to be introduced in the 2016 session of the General Assembly.

Ethan Saylor Alliance for Self-Advocates as Educators

Senate Bill 853/House Bill 1161**(both passed)** establish the Ethan Saylor Alliance for Self-Advocates as Educators within MDOD. The purpose of the alliance is to advance the "community inclusion" of individuals with intellectual disabilities and developmental disabilities by preparing and supporting self-advocates to play a central role in educating others, particularly law enforcement, about appropriate and effective interactions with individuals with intellectual and developmental disabilities. For a more detailed discussion of this issue, see the subpart "Public Health" within Part J – Health and Human Services of this *90 Day Report*.

Qualifying Employees with Disabilities Tax Credit

Senate Bill 562/House Bill 473 ***(both passed)*** increase the maximum value of the Qualifying Employees with Disabilities Tax Credit. Employers can claim a credit equal to 30% of the first $9,000 of wages paid to the qualifying employee for each of the first two years of employment, and the maximum amount of eligible child care and transportation expenses that can be claimed in each of the first two years is increased to $900.

Children

Child Welfare

Senate Bill 567/House Bill 643 ***(both passed)*** require DHR, by December 1 of each year, to report information regarding children and foster youth in the State child welfare system to the General Assembly. The report should include (1) the number of child abuse and neglect reports, alternative responses, investigative responses, and findings for completed investigations; (2) the

number of children and foster youth receiving in-home services; (3) the number of new out-of-home placements by placement type; (4) the number of exits from the child welfare system by exit type; (5) the number of exits to reunification and reentries within 12 months after exit; (6) the number of exits to reunification and reentries within 24 months after exit; (7) the stability of out-of-home placements, including the number of placement changes; (8) the stability of school placements; (9) the number who graduate from high school; (10) the number who qualify for a high school diploma by examination; and (11) the number who receive tuition waivers. DHR must publish each report on its website within 30 days of submission of the report to the General Assembly.

Residential Child Care Programs

Senate Bill 940 ***(passed)*** is an emergency bill that creates an exception to the process relating to statements of need for residential child care programs by allowing a program to relocate to another site without a statement of need if the need for the relocation is due to circumstances beyond the control of the licensee and the new site is located within the same jurisdiction as, or within 10 miles of, the site being closed.

Child Safety

Senate Bill 508/House Bill 642 ***(both passed)*** establish that nonpublic school and local school system contracts must prohibit contractors or subcontractors from knowingly assigning an employee to work on school premises with direct, unsupervised, and uncontrolled access to children if the employee has been convicted of certain crimes of violence or of sexual abuse. For a further discussion of this legislation, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Childhood Education Workforce

Senate Bill 677 ***(passed)*** requires the Maryland State Department of Education, in collaboration with the Maryland Higher Education Commission and representatives from institutions of higher education in the State that offer early childhood education programs, to develop a master plan to address the critical shortage of qualified professional teachers and child care providers in the early childhood education workforce. For a further discussion of ***Senate Bill 667***, see the subpart "Education – Primary and Secondary" within Part L – Education of this *90 Day Report*.

Part K
Natural Resources, Environment, and Agriculture

Natural Resources

Parks and Land Conservation Funding

Maryland Park Service

Provisions included in the Budget Reconciliation and Financing Act (BRFA) of 2014, Chapter 464, require the Governor to include in the State budget an appropriation for the Maryland Park Service (MPS) – from revenues derived from State parks (held in the Forest or Park Reserve Fund) – equal to 60% of the State park revenues in fiscal 2016, 80% in fiscal 2017, and 100% in fiscal 2018 and each fiscal year thereafter. The Attorney General's Office advised in a letter regarding the constitutionality and legal sufficiency of the BRFA of 2014 that the provisions are likely unconstitutional because they violate the one-subject rule, being inconsistent with the single subject of the legislation of helping to bring the State's budget into balance during a time of fiscal crisis. The Attorney General's Office recommended that the provisions be treated as an expression of intent only and not binding on the Governor, but also indicated that it did not suggest that there would be any constitutional obstacle to the General Assembly pursuing the same legislative goal through standalone legislation.

***Senate Bill 862* (passed)** ratifies, in standalone legislation, MPS funding provisions included in the BRFA of 2014, with amendments requiring that certain administrative costs be allocated from the park revenues before the appropriation of the remaining revenues in accordance with the specified percentages. As a result of the appropriation of park revenues to MPS in accordance with the required percentages, general fund expenditures increase by $2.2 million in fiscal 2017, and by $4.5 million in fiscal 2018 and future years, in order to replace park revenues directed to MPS that would otherwise be used in other parts of the Department of Natural Resources (DNR) budget. The fiscal 2016 budget appropriates 60% of the park revenues to MPS after allocation of revenues for administrative costs, equal to $6.7 million.

While MPS receives a relatively significant amount of funding from park revenues, the largest source of funding for MPS is transfer tax revenue. The State transfer tax is 0.5% of the

consideration paid for the transfer of real property from one owner to another. Under the BRFA of 2007, Chapter 2 of the first special session, the greater of $21.0 million, or 20% of certain transfer tax revenues allocated to Program Open Space (POS), (discussed below) must be appropriated to DNR to operate State forests and parks (adding to an existing authorization of up to $1.2 million of those transfer tax revenues to be used each fiscal year to operate State forests and parks). This funding has been directed to MPS.

MPS is experiencing a certain amount of revenue instability due to reduced transfer tax revenue estimates. As a result of a write-down in estimated transfer tax revenues for fiscal 2015, a fiscal 2015 general fund deficiency appropriation ($22.8 million) and an elimination of revenue-sharing payments to the counties of a portion of State park revenues ($1.8 million) (allowing for those revenues to be used by MPS) is included in the 2015 budget bill and ***House Bill 72 (passed)***, the BRFA of 2015, respectively. Those funds replace a significant portion of MPS transfer tax special funds in fiscal 2015. The fiscal 2016 transfer tax revenue estimate has also required reductions in funding for MPS in fiscal 2016 in comparison to the fiscal 2015 appropriation.

Payments to Counties

As mentioned above, the BRFA of 2015 eliminates payments to counties of a portion of State park revenues in fiscal 2015 ($1.8 million), similar to actions taken in fiscal 2010 through 2013. The payments counties would otherwise receive is either 15% or 25% of revenues derived from State forests and parks in each county (the revenues from State forests are not affected by the BRFA of 2015), depending on the percentage of the land area of the county that consists of State forests and parks. ***Senate Bill 134***/***House Bill 1091 (both failed)*** would have permanently replaced the revenue-sharing payments (also referred to as payments in lieu of taxes) with larger payments under a newly established Open Space Incentive Program. As amended in the Senate, ***Senate Bill 134*** would have applied only to counties with more than 50,000 acres of land that consists of State forests, State parks, and wildlife management areas. Based on current acreage, the amended bill would have affected only Allegany and Garrett counties, but would have resulted in a net increase in funding for those counties of at least $3.4 million annually.

Land Conservation

In the past, POS and other land conservation programs in DNR and the Maryland Department of Agriculture (MDA) were funded primarily with transfer tax revenue. In recent years, however, a significant amount of transfer tax funding has been redirected or transferred, primarily to the general fund, and partially replaced with bond proceeds. Additionally, as mentioned above, a significant portion of transfer tax revenue has been dedicated to MPS. The BRFA of 2015, among other transfer tax-related actions, authorizes the Governor to transfer $10.5 million from the POS fund balance to the general fund in fiscal 2015 and increases by $37.7 million the revenue from the transfer tax that is transferred to the general fund in fiscal 2016. The fiscal 2016 budget reduces special fund appropriations in DNR and MDA by $37.7 million, consisting of $27.9 million for POS and the Rural Legacy Program and $9.8 million for the Maryland Agricultural Land Preservation Foundation, contingent on legislation crediting transfer

tax revenues to the general fund. For a more detailed discussion of transfer tax issues, see the subpart "Transfer Tax" within Part A – Budget and State Aid of this *90 Day Report.*

Chesapeake and Atlantic Coastal Bays

Chesapeake Bay Trust

The Chesapeake Bay Trust is a private, nonprofit grant-making organization established by the General Assembly in 1985 to promote public awareness and participation in the restoration and protection of the water quality and aquatic and land resources of the Chesapeake Bay and other aquatic and land resources of the State. The trust awards grants to community-led environmental education and habitat restoration projects through a portfolio of programs and manages the Chesapeake Conservation Corps Program as a special initiative. The corps program facilitates youth involvement in energy conservation and environmental efforts, and associated career opportunities for the participants, by pairing young individuals ages 18 to 25 with qualifying host organizations to undertake energy conservation and environmental projects.

State funding from the Environmental Trust Fund (ETF), that is directed to the corps program, is increased from $250,000 annually to $375,000 annually under ***Senate Bill 600 (passed)***. The ETF, pursuant to existing law, receives revenue from a surcharge paid by electric companies per kilowatt-hour of electric energy distributed in the State. The bill also requires the Maryland Transportation Authority, in consultation with the Chesapeake Bay Trust, to report to the General Assembly by October 1, 2015, on the feasibility of establishing a donation program for the benefit of the Chesapeake Bay Trust to which E-ZPass account holders may donate.

The trust maintains a reserve of invested funding that originates from past private donations, and ***Senate Bill 106/House Bill 207 (both passed)*** expand a list of types of securities in which money of the trust may be invested to include marketable equity securities, marketable equity-related mutual funds, and debt-related mutual funds. Allowing for investment in the additional types of securities is intended to allow for increased return on the trust's investments and reduced risk through diversification.

Chesapeake and Atlantic Coastal Bays 2010 Trust Fund

The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund was established in 2008 and is used for nonpoint source pollution control projects to help meet Chesapeake Bay restoration goals and to improve the health of the Atlantic Coastal Bays and their tributaries. When the fund was established, it was allocated 2.3% of motor fuel tax revenues and 55% of sales and use tax revenues from short-term vehicle rentals, after certain initial distributions. Subsequent legislation has temporarily diverted portions of the revenues to the general fund. The BRFA of 2015 diverts an additional $8.6 million to the general fund in fiscal 2016. The fiscal 2016 budget reduces the special fund appropriation for DNR's Chesapeake and Coastal Service by $8.6 million, contingent on the enactment of legislation allocating revenue from the special fund to the general fund.

A statutory provision expressing the General Assembly's intent regarding the use of monies in the fund is amended by ***Senate Bill 863 (passed)*** to include the use of up to 25% for

matching funds to local governments and other political subdivisions that have enacted a stormwater remediation fee. For a more detailed discussion of the bill, see the subpart "Environment" within this part of this *90 Day Report*.

Waterway Improvement Fund

The Waterway Improvement Fund finances projects to expand and improve public boating access throughout the State. Financial support for the fund is derived from the 5% excise tax on the sale of vessels in the State and 0.5% of the motor vehicle fuel tax. The BRFA of 2015 (1) authorizes the transfer of $2.2 million from the fund to the general fund in fiscal 2015; (2) increases the amount from the fund that may be used for administrative expenses in fiscal 2016 from $750,000 to $1,625,000; and (3) adds "dredging ponds, lakes, and reservoirs owned by the State" to the authorized uses of the fund. The fiscal 2016 budget reduces DNR's general fund appropriation by a total of $875,000, contingent on enactment of legislation to increase the use of the fund for administration costs in DNR. Related to the added authorized uses of the fund, the fiscal 2016 budget also allocates (restricts) $250,000 of Waterway Improvement Program special funds for Deep Creek Lake dredging projects.

Lakes

Deep Creek Lake Buy Down Area Program

The State purchased Deep Creek Lake (located in Garrett County), and land surrounding it, from Pennsylvania Electric Company in 2000. The purchase included approximately 600 acres of surrounding land that was the subject of a "buy down" program administered by the Department of General Services (DGS) which offered adjacent private property owners the opportunity to purchase contiguous parcels of that land, subject to a conservation easement, at the same cost the State paid for the land, which was $0.39 per square foot. The program appears to have ended in 2008 with a majority of the more than 2,000 parcels offered to adjacent property owners sold under the program.

***Senate Bill 254*/*House Bill 356* (both passed)** establish a Deep Creek Lake Buy Down Area Program to offer owners of properties adjoining Deep Creek Lake the right to purchase State land contiguous to their properties, administered by DGS in a manner substantially similar to the previous buy down program. The program must offer to sell the land at an amount equal to the State's cost of acquiring the land plus reasonable costs and expenses incurred by the State from the sale. The parcels sold under the program must also be subject to the same covenants and restrictions as the parcels sold under the previous buy down program, including the State's retention conservation easement. The proceeds in excess of the amount used for reasonable costs and expenses must be credited to the Deep Creek Lake Recreation Maintenance and Management Fund and used by DNR only for the purchase of land that provides public access to Deep Creek Lake.

Invasive Species

The impact of nonnative species on a new environment is often unpredictable and can be destructive. In 2013, DNR biologists discovered hydrilla, an invasive weed known to impede recreational uses of waterways, in the southern portion of Deep Creek Lake. To guard against introduction of invasive species into lakes in the State, ***House Bill 860*** ***(passed)*** prohibits, after April 1, 2017, an owner of a vessel from placing the vessel or having the vessel placed in a lake owned or managed by the State, at a public launch ramp or public dock, unless the owner has cleaned the vessel and removed all visible organic material. An owner of a vessel who violates the prohibition is subject to specified civil penalties. The bill also requires DNR to convene a workgroup to evaluate actions that reduce the spread of aquatic invasive species from vessels placed in lakes that are owned or managed by the State.

Hunting and Fishing

Hunting

Licensing

To provide funding for the protection and management of wildlife in the State, a person may not hunt game birds or mammals without purchasing a hunting license from the Department of Natural Resources (DNR). Exemptions from this requirement include (1) specified owners and tenants of farmland, and specified family members, while hunting on the farmland and (2) specified persons serving in the U.S. Armed Forces under specified circumstances. In addition, DNR may issue (1) a complimentary hunting license to the President of the United States, the governor of any state, or a game official or enforcement officer of another state if that state offers reciprocity to Maryland game officials or enforcement officers and (2) a lifetime complimentary hunting license to a Maryland resident who certifies that the resident is a former prisoner of war or a 100% service-connected disabled American veteran.

House Bill 14 ***(passed)*** adds an exemption from the requirement to obtain a hunting license for a retired former member of the U.S. Armed Forces for hunting on active farmland owned by specified family of the retired member. A person who hunts under this exemption must possess the person's retired-military identification card, written permission to hunt on the farm from the farm owner (which must specify the time period the person is authorized to hunt on the farm and the person's relationship to the farm owner), and any required hunting stamps.

House Bill 1074 ***(passed)*** authorizes DNR to issue a lifetime complimentary hunting license to an out-of-state person who certifies that the person is a former prisoner of war or a 100% service-connected disabled American veteran. DNR may issue this complimentary license only if the person's state of residence offers similar privileges to former prisoners of war or 100% service-connected disabled American veterans of Maryland.

House Bill 554 ***(passed)*** establishes a nonresident senior hunting license for nonresidents of the State who are at least 65 years old. The annual fee for the license is $65, half the annual fee

for a nonresident regular hunting license. The bill also reduces the annual fee for the nonresident junior hunting license from $65 to $32.50. By December 31, 2017, DNR is required to report to the Governor and the General Assembly (1) on the number of nonresident junior and regular hunting licenses issued for license years 2013-2014 through 2016-2017; (2) on the number of nonresident senior hunting licenses issued for license years 2015-2016 and 2016-2017; and (3) estimating any economic benefits to the State attributable to an increase in the issuance of nonresident hunting licenses, including increased business activity and tax receipts. The bill terminates on June 30, 2018.

Baiting Game Birds

Under federal law, a person may not hunt game birds with the aid of bait or over a baited area if the person knows or reasonably should know that the area is a baited area. ***Senate Bill 88*/*House Bill 170* (both passed)** conform Maryland law with federal law by adding the element of criminal intent that a person must know or reasonably should know that an area is baited before the person may be convicted of hunting game birds with the aid of bait or over a baited area.

Deer Management Permits

DNR issues deer management permits authorizing persons to harvest on farmland a specified number of deer outside of the regular deer hunting seasons to prevent crop damage. ***Senate Bill 68* (passed)** establishes that only the leaseholder may hunt deer on leased State-owned farmland in Charles or St. Mary's counties under a deer management permit. The bill also allows DNR to authorize Sunday deer hunting in Charles or St. Mary's counties under a deer management permit. Finally, the bill repeals a rifle shooting training program for deer hunting in Charles and St. Mary's counties and an additional three-month deer hunting season in those counties.

***Senate Bill 844* (passed)** authorizes a holder of a deer management permit to use a DNR-approved rifle to hunt deer consistent with the permit throughout the year, including during all deer hunting seasons. Additionally, in Frederick County Zone 1 (north), an agent of a permit holder may use the approved rifle consistent with the permit throughout the year. In Frederick County Zone 2 (south), an agent of a permit holder may use the approved rifle consistent with the permit from October 1 through March 31, except during the deer firearms season.

Fishing

Aquaculture

In recent years, Maryland's shellfish aquaculture program has been significantly restructured, particularly to encourage oyster aquaculture. New lease laws were enacted to remove location, size, and ownership restrictions and harvest limits and seasons. As of August 2014, DNR had issued 102 new shellfish aquaculture leases on 2,061 acres and was processing another 80 applications.

***Senate Bill 808*/*House Bill 287* (both passed)** establish that a person who willfully, negligently, recklessly, wrongfully, or maliciously enters an area leased to another for aquaculture to harvest, damage, or transfer shellfish or to alter, damage, or remove markings or equipment is liable to the leaseholder for damages in the amount of (1) three times the value of the shellfish harvested, damaged, or transferred; (2) actual restoration costs; and (3) relevant attorney fees and court costs. The penalties do not apply to a properly credentialed leaseholder or agent of the leaseholder.

Recreational Fishing Licenses

In 2014, the term of a recreational fishing license in Virginia was changed from the remainder of the license year of purchase to one year from the date of purchase. Because the term for a Maryland recreational fishing license is based on calendar years and a holder of a recreational fishing license in Virginia may reciprocally fish in Maryland, concern was raised that a Virginia license may be more attractive to a license applicant later in the calendar year. ***Senate Bill 666*/*House Bill 785* (both passed)** address this issue by altering the terms for a freshwater angler's license, a Chesapeake Bay and coastal sport fishing license or registration, and a resident consolidated senior sport fishing license to one year following the date of issuance.

Fisheries Advisory Commissions

To facilitate the resolution of user conflicts that arise between aquaculture permit holders and recreational and commercial fishing license holders, ***House Bill 1287* (passed)** adds a representative of the aquaculture industry in the State to both the Tidal Fisheries Advisory Commission and the Sport Fisheries Advisory Commission.

Oyster Poaching

***Senate Bill 696*/*House Bill 1036* (both failed)** would have altered the administrative penalties for specified oyster poaching violations. Under the bills, if a person charged with an oyster poaching violation had not been convicted of a fisheries violation within the preceding five years and the presiding officer did not find the violation to be an egregious violation, DNR would have been required to suspend the person's license to catch oysters for one year. For all other specified oyster poaching violations, DNR still would have been required to revoke the person's license to catch oysters. The bills also would have limited an offense related to the use of gear that subjects a violator to suspension or revocation to the use of power dredges.

Environment

Chesapeake Bay

Stormwater Remediation Fees

Chapter 151 of 2012 requires a county or municipality subject to a National Pollutant Discharge Elimination System Phase I municipal separate stormsewer system permit (Phase I MS4

permit) to adopt and implement local laws or ordinances that establish an annual stormwater remediation fee and a local watershed protection and restoration fund. The requirement to establish a stormwater remediation fee has attracted significant controversy since 2012 and has led to the introduction of several bills to repeal the requirement or to establish exemptions from or modifications to the fee.

***Senate Bill 863* (passed)** repeals the *requirement* to collect a stormwater remediation fee and, instead, *authorizes* a county or municipality subject to a Phase I MS4 permit, except for Montgomery County, to collect such a fee. The bill does not repeal Chapter 151 of 2012 and the requirement to establish a local watershed protection and restoration program and fund.

Repeal of Mandatory Fees: The bill authorizes a jurisdiction to repeal or reduce a fee before July 1, 2016, if the jurisdiction identifies dedicated revenues, funds, or other sources of funds that will be deposited into its watershed protection and restoration fund to be used to meet the requirements of the Phase I MS4 permit. The jurisdiction must also submit a financial assurance plan to the Maryland Department of the Environment (MDE) that demonstrates a good faith effort toward achieving sufficient funding of the requirements of the Phase I MS4 permit. These specific conditions, however, do not apply to a jurisdiction that repeals or reduces its fee after July 1, 2016.

Fee Implementation: For a local jurisdiction that chooses to maintain its stormwater remediation fee, the bill makes several changes relating to the implementation of the fee. A local jurisdiction must include a specified informational statement on any bill or bill insert to collect a stormwater remediation fee. A local jurisdiction is prohibited from charging a fee to property covered by a current Phase I MS4 permit or industrial stormwater permit held by the State. Additionally, a stormwater charge adopted by a local jurisdiction prior to the enactment of Chapter 151 (under the authority of § 4-202 of the Environment Article) must be assessed in a manner consistent with existing stormwater remediation fee requirements relating to proportionality, basis for fee, and credits.

Financial Assurance Plans and Reporting Requirements: Regardless of whether a local jurisdiction decides to maintain or repeal its stormwater remediation fee under the bill, each jurisdiction, including Montgomery County, is required to file a financial assurance plan with MDE by July 1, 2016, and every two years thereafter. The financial assurance plan must (1) identify all local actions that will be required for the jurisdiction to comply with its Phase I MS4 permit; (2) identify the funding sources that will support those efforts, including a five-year projection of costs and revenues for permit compliance; and (3) demonstrate that the jurisdiction has sufficient funding in the current fiscal year budget to meet estimated annual costs. The local governing body of a jurisdiction must hold a public hearing and approve the financial assurance plan before filing it with MDE.

MDE must determine whether a financial assurance plan demonstrates sufficient funding within 90 days after filing. A plan is sufficient if the plan shows that the jurisdiction has specified funding sources to meet (1) 75% of the projected Phase I MS4 permit compliance costs for the two-year period immediately following the filing date for a plan filed by July 1, 2016, or (2) 100%

of the projected Phase I MS4 permit compliance costs for the two-year period immediately following the filing date of the plan for a second and subsequent plan. If the funding in the plan is insufficient, MDE must (1) for a plan filed by July 1, 2016, issue a warning to the jurisdiction and help the jurisdiction develop a sufficient plan or (2) for a second or subsequent plan, in addition to any other remedy available, impose specified administrative penalties.

Each of the jurisdictions subject to Chapter 151 is required to make publicly available an annual report, rather than a biennial report as is currently required, on specified information regarding stormwater remediation fee development, implementation, and revenue. Beginning September 1, 2016, MDE must submit an annual report to the Governor and specified legislative committees that evaluates the compliance of local jurisdictions with the requirements of the bill and the requirements of Chapter 151.

State and Local Liability for Local Fee: A local jurisdiction is authorized to charge a fee to the State based on the State's share of stormwater management services provided by the jurisdiction to the State if the jurisdiction also appropriates money into its own local watershed protection and restoration fund based on its own share of stormwater management services related to local government property.

Beginning in fiscal 2017, if a county funds the cost of stormwater remediation by using general revenues or through the issuance of bonds, the county must (1) meet with each municipality within its jurisdiction to mutually agree that the county will assume responsibility for the municipality's stormwater remediation obligations; (2) if a municipality has already established a stormwater remediation fee, agree to adjust the county property tax rate within the municipality to offset the fee charged by the municipality; or (3) negotiate a memorandum of understanding with the municipality to mutually agree upon any other action.

Fee Relief for Certain Organizations: The bill expands a statewide exemption for volunteer fire companies from the payment of a stormwater remediation fee to include specified veterans' organizations. However, a veterans' organization or volunteer fire department may be charged a fee if a jurisdiction determines that it is necessary to create a nondiscriminatory program for the purpose of applying the fee to federal properties. If veterans' organizations and volunteer fire departments are charged a fee under this authorization, these organizations must be provided with the opportunity to apply for an alternate compliance plan (ACP) in lieu of paying a fee.

The bill also *requires* a jurisdiction to allow a charitable tax-exempt organization that can demonstrate substantial financial hardship to participate in an ACP in lieu of paying a fee. MDE is authorized to adopt regulations that establish and govern ACPs, but the regulations adopted may not apply to a jurisdiction that has implemented an alternate compliance program before July 1, 2015. Additionally, Bay Restoration Fund (BRF) money may be used to fund projects associated with ACPs.

Montgomery County: The bill exempts Montgomery County from the provisions of § 4-202.1 of the Environment Article (which required the establishment of stormwater remediation fees) and establishes new provisions within § 4-204 of the Environment Article (which predates the enactment of § 4-202.1 and authorizes the creation of a local system of charges for stormwater

management) applicable to Montgomery County. The bill authorizes Montgomery County to charge the State based on the State's share of stormwater management services provided by the county to State property if the county also appropriates money into its own local watershed protection and restoration fund based on its own share of stormwater management services related to local government property.

Similarly, Montgomery County may not impose a charge on a specified veterans' organization, regularly organized volunteer fire department, or specified roads that qualify for State and local roadway maintenance funds unless the county determines that it is necessary to create a nondiscriminatory program for applying the fee to federal properties. If veterans' organizations and volunteer fire departments are charged a fee under this authorization, these organizations must be provided with the opportunity to apply for an ACP in lieu of paying a fee.

Financing Stormwater Management: Finally, the bill alters definitions relating to the Maryland Water Quality Financing Administration (WQFA) to conform to federal law and extends the term of loans made under the Water Quality Revolving Loan Fund to 30 years. Additionally, the bill alters the intent of the General Assembly with regard to the use of the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to provide matching funds to jurisdictions that have enacted a stormwater remediation fee.

***Senate Bill 42*/*House Bill 874* (both failed)**, ***Senate Bill 588*/*House Bill 481* (both failed)**, and ***Senate Bill 36* (failed)**, each would have repealed the requirement to establish a stormwater remediation fee and local fund, while ***House Bill 773* (failed)** would have exempted Baltimore County from the requirement to assess a stormwater remediation fee.

Bay Restoration Fund

Chapter 428 of 2004 established BRF, which is administered by WQFA within MDE. The main goal of BRF is to provide grants to owners of wastewater treatment plants to reduce nutrient pollution to the Chesapeake Bay by upgrading the systems with enhanced nutrient removal technology. The fund is also used to support septic system upgrades and the planting of cover crops.

Between fiscal 2005 and 2009, the BRF statute authorized grants of up to $5 million annually for a portion of the costs of projects relating to combined sewer overflows (CSO) abatement, rehabilitation of existing sewers, and upgrading conveyance systems, including pumping stations. The eligibility and priority ranking of a project supported by BRF must be determined by MDE regulations, which include consideration of several aspects of a project, including nutrient load reductions and cost-effectiveness of water quality benefits.

***Senate Bill 133*/*House Bill 156* (both passed)** add to the authorized uses of BRF, beginning in fiscal 2016, to authorize funding for up to 87.5% of the cost of projects, as approved by MDE, relating to CSO abatement, rehabilitation of existing sewers, and upgrading conveyance systems, including pumping stations. The bills also alter the priority of BRF funding beginning in fiscal 2018 by making grants for septic system upgrades, stormwater management, and CSO and sewer abatement projects of equal priority, with funding decisions made on a project-specific basis.

Additionally, the bills state that MDE must base its funding decisions for specified project costs on a determination of "water quality and public health benefits." Finally, the bills expand the scope of local stormwater management projects eligible for BRF grants by authorizing grants to a local government that has enacted and implemented a system of charges to fully fund the implementation of a stormwater management program.

Water Quality

Synthetic Plastic Microbeads

Synthetic plastic microbeads are considered to be an effective mild abrasive ingredient used to gently remove dead skin. They can be found in various products including facial cleansers, shampoos, and toothpastes. Supporters of a ban on the use of microbeads contend that plastic microbeads cannot be treated by conventional wastewater treatment technologies, resulting in their discharge into waterways and posing a threat to the ecosystem through ingestion by fish and other animals in the food chain. Microbeads also pose a potential public health threat from human consumption of fish and other animals that have ingested microbeads, as well as from the pollution of water supplies.

***House Bill 216* (passed)** prohibits the manufacture of a personal care product containing "synthetic plastic microbeads," which is defined in the bill, beginning December 31, 2017, and the sale of such a product beginning December 31, 2018. Under the bill, a "personal care product" means a manufactured good or a component of a manufactured good that is intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body for purposes of cleansing, beautifying, promoting attractiveness, or altering appearance. A "personal care product" does not include a prescription drug. The manufacture or sale of an "over-the-counter drug," also defined in the bill, containing synthetic plastic microbeads is prohibited beginning December 31, 2018. Additionally, MDE is required to adopt regulations that identify biodegradable guidelines for wastewater treatment plant and must periodically review those guidelines to ensure that the most scientifically effective methods are being used.

Vibrio Public Information Campaign

Vibrio bacteria occur naturally in estuarine or marine environments, including the Chesapeake Bay and its tributaries. *Vibrio* infections usually result from exposure to water or consumption of raw or undercooked seafood containing the bacteria. While *Vibrio* infections are rare, when it comes in contact with an open wound, *Vibrio* can cause serious infections and can be particularly dangerous for people with weakened immune systems. There were 57 reported cases of *Vibriosis* (a type of infection resulting from *Vibrio* bacteria) in Maryland in 2013, which is a high among recent years (since 2005) when the number of reported cases has generally been between 25 and 45.

***Senate Bill 83* (passed)** requires MDE, in consultation with the Department of Natural Resources (DNR), the Department of Health and Mental Hygiene, and other specified stakeholders, to develop and implement a public health campaign about the risks associated with the *Vibrio* bacteria by June 15, 2015. The campaign must (1) identify that *Vibrio* is a naturally

occurring bacteria that is a rare waterborne cause of illness nationwide; (2) target the geographical areas and times of year that the *Vibrio* bacteria is most active; (3) warn of the dangers of contracting a *Vibrio* infection; (4) emphasize preventative measures; (5) implement processes to ensure that the medical community is aware of the risks and symptoms of, and is prepared to treat, a *Vibrio* infection; and (6) post additional information about *Vibrio* infections on MDE's website.

Gas and Oil

Hydraulic Fracturing

The Marcellus Shale formation is a geologic feature in the Appalachian Range which 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.

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 that 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 15, 2015, have not been revised since 1993. Chapter 383 of 2010 established an Oil and Gas Fund to support MDE's administration of a regulatory program that oversees the drilling, development, production, and storage of oil and gas wells in the State. 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 DNR, 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.

MDE subsequently developed such regulations, which were published in the *Maryland Register* on January 9, 2015. The proposed regulations address (1) the management of drilling fluids, cuttings, and flow back; (2) the handling of wastes and wastewater; (3) the maintenance of specified records; and (4) the disclosure of chemicals used in the drilling process. MDE advises that it has received more than 100 public comments and is currently reviewing the comments.

***Senate Bill 409*/*House Bill 449* (both passed)** require 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, and prohibit the regulations that are adopted from taking effect until

October 1, 2017. The bills also prohibit MDE from issuing a permit to drill a well using hydraulic fracturing until October 1, 2017.

Several other bills were also introduced in the 2015 legislative session to address issues and concerns associated with hydraulic fracturing. ***Senate Bill 29* (failed)** would have prohibited a person from engaging in hydraulic fracturing. ***Senate Bill 712* (failed)** would have established a 2.5% severance tax on the market value of natural gas produced at a wellhead. ***Senate Bill 458* (failed)** and ***House Bill 458* (failed)** would have defined "hydraulic fracturing" as an ultra-hazardous and abnormally dangerous activity, made specified information about chemicals discoverable as evidence, and increased the amount of specified liability insurance coverage that a permit holder is required to maintain. Finally, ***House Bill 952* (failed)** would have required the disclosure of the chemicals used in hydraulic fracturing.

Climate Change

Commission on Climate Change

The Climate Change Commission was established by Governor Martin O'Malley by Executive Order 01.01.2007.07 in April 2007 to address the causes and effects of climate change in Maryland. In November 2014, Governor Martin O'Malley signed Executive Order 01.01.2014.14 to expand the membership of the commission and include the development of a plan to achieve an 80% reduction in greenhouse gas emissions by 2050. ***Senate Bill 258*/*House Bill 514* (both passed)** generally codify the 2014 executive order with a few additional requirements, including (1) a requirement for the University of Maryland Center for Environmental Science to create new sea level rise projections and update them at least every five years; (2) a requirement for each State agency to recommend regulatory or other changes to support the State's greenhouse gas reduction efforts; and (3) a requirement that certain State agencies report on the status of programs that support the State's greenhouse gas reduction efforts or address climate change.

Enforcement

Statute of Limitations

MDE must bring a criminal prosecution or a suit for a civil penalty for a violation of any provision of the Environment Article, or any regulation, order, or permit, within three years of the date that MDE knew, or reasonably should have known, of the violation. The relevant statute of limitations period under federal environmental laws, including the Clean Water Act and Clean Air Act, is typically five years, which is the generally applicable statute of limitations established by the U.S. Congress for civil actions, suits, and proceedings. ***House Bill 509* (passed)** establishes a five-year statute of limitations for an action for an administrative penalty brought by MDE. However, the statute of limitations is tolled for an ongoing violation until the action that caused the ongoing violation has ceased.

Agriculture

Nutrient Management

Phosphorus Management Tool

First implemented in the 1990s, the phosphorus site index is a tool used in the nutrient management planning process to assess the risk of phosphorus loss from agricultural lands and determine phosphorus application rates. The tool is used when phosphorus levels in the soil exceed a threshold established in regulation by the Maryland Department of Agriculture (MDA). Modification of the phosphorus site index tool is an element of the State's Phase II Watershed Implementation Plan, the federally mandated document that outlines specific steps the State will take to achieve the Chesapeake Bay Total Maximum Daily Load requirements established by the U.S. Environmental Protection Agency.

Accordingly, during 2013, MDA proposed regulations to replace the phosphorus site index tool with a phosphorus management tool that reflects updated science. Due to concerns raised during the public comment periods, MDA withdrew the regulations. In December 2014, after a full economic impact analysis was conducted pursuant to a requirement in the fiscal 2015 budget, MDA proposed regulations that would have phased in the transition from the phosphorus site index tool to the phosphorus management tool over a six-year period. In February 2015, MDA indicated its intent to further revise the regulations to address ongoing concerns pertaining to the impact of the implementation of the phosphorus management tool on agricultural operations.

***Senate Bill 257*/*House Bill 381* (both failed)** would have established provisions substantially similar to the regulations proposed by MDA in December 2014. However, in April 2015, MDA proposed new regulations to address concerns raised by the legislature, the agricultural community, and the environmental community. These regulations, among other things, (1) phase in the transition from the phosphorus site index tool to the phosphorus management tool over a seven-year period, beginning with crop year 2016; (2) require full implementation of the phosphorus management tool by crop year 2024; (3) prohibit, as of the effective date of the regulations, the application of additional phosphorus on soils highest in phosphorus (fields with a phosphorus fertility index value of 500 or greater); (4) incorporate two potential one-year extensions in the transition schedule based on required evaluations of the infrastructure and capacity available to manage the additional manure expected as farmers transition to the next management phase; (5) add data collection, recordkeeping, and reporting requirements for farms subject to nutrient management plan requirements; and (6) establish a Phosphorus Management Tool Transition Advisory Committee to conduct the required evaluations and make recommendations related to the implementation of the phosphorus management tool.

Regulation, Promotion, and Distribution of Agricultural Products

Industrial Hemp

***House Bill 803* (passed)** authorizes a person to plant, grow, harvest, possess, process, sell, or buy industrial hemp in the State, provided a person registers with MDA before planting or growing industrial hemp. The bill also excludes industrial hemp from the definition of marijuana under the Maryland Controlled Dangerous Substances Act. "Industrial hemp" is defined as the plant *Cannabis sativa L.* and any part of such plant, whether growing or not, with a tetrahydrocannabinol concentration that does not exceed 0.3% on a dry weight basis. The bill is contingent on the taking effect of the federal Industrial Hemp Farming Act of 2015 or another federal law that delegates authority over industrial hemp to the states or authorizes a person to plant, grow, harvest, possess, process, sell, and buy industrial hemp. In addition, the registration requirement terminates October 1, 2030, and all of the provisions are null and void if a specified federal law does not take effect by October 1, 2030.

Farmstead Cheese

***Senate Bill 122*/*House Bill 540* (Chs. 14 and 15)** expand Maryland's Pilot Farmstead Cheese Program by removing the limitations on (1) the number of milk processor – farmstead cheese producer permits that the Secretary of Health and Mental Hygiene may issue; (2) the permissible number of animals in the herd or flock; and (3) the number of times the Secretary can renew a milk processor – farmstead cheese producer permit. The Acts also expand the type of species that fall under the realm of the permits to include "other hooved mammals" in addition to cows and goats. 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*.

Southern Maryland Regional Food Hub

The Tri-County Council for Southern Maryland is a cooperative planning and development unit for Calvert, Charles, and St. Mary's counties. The Southern Maryland Agricultural Development Commission (SMADC) is a part of the council and works with the council to develop programs to stabilize the region's agricultural economy as Maryland farmers transition away from tobacco production. SMADC has been investigating using funds from the Cigarette Restitution Fund for the initial stages of creating a regional agricultural business park and food innovation center in southern Maryland, known as a "food hub."

However, the council is not authorized in statute to acquire or own property. Accordingly, ***Senate Bill 909* (passed)** authorizes the council, in order to accomplish its purposes, to use any money available to it to finance the purchase or lease of property by (1) any combination of Anne Arundel, Calvert, Charles, Prince George's, or St. Mary's counties; (2) the Maryland Food Center Authority; or (3) another entity, as determined by the council, that is authorized to finance or purchase property. If the council determines that money should be used to finance the purchase or lease of property under the bill, the council, in accordance with State procurement law, must prepare and issue a request for proposals, evaluate responses to the request, and select an entity to

purchase or lease property. The bill also prohibits the council from owning or leasing property except for a lease of office space for its own use.

Part L
Education

Primary and Secondary Education

State Education Aid

State Aid to Public Schools

State aid for primary and secondary education will increase by $128.3 million in fiscal 2016 to over $6.2 billion, 2.1% more than fiscal 2015 aid. State aid provided directly to the local boards of education increases by $137.6 million, or 2.6%. Fiscal 2015 to 2016 changes in major State education aid programs are shown in **Exhibit L-1**.

The foundation program totals more than $2.9 billion in fiscal 2016, an increase of $64.6 million over fiscal 2015, or 2.2%. Under the Governor's proposed budget, the per pupil foundation amount was to be held at its fiscal 2015 level of $6,860 for fiscal 2016 and for fiscal 2017 through 2020, the limit on annual inflation for the target per pupil foundation amount was to be reduced from 5% to 1%. Instead, the budget does not alter inflation in the per pupil foundation amount for fiscal 2016 or thereafter. This results in a per pupil amount of $6,954, a 1.4% increase over fiscal 2015, which is well below the 5% cap on the annual growth in the per pupil foundation amount. As discussed further below, the fiscal 2016 budget includes a $3.0 million decrease in the net taxable income (NTI) amount used to calculate wealth-based education formulas enacted by Chapter 4 of 2013, based on a provision in ***House Bill 72 (passed)***, the Budget Reconciliation and Financing Act (BRFA) of 2015 that delays the phase-in by one year.

Aside from the foundation program, the largest increase is $53.5 million in compensatory education funding in fiscal 2016, which equates to a 4.3% increase over fiscal 2015. Due to the economic recession and the corresponding decline in income for many households, 10,722 more students qualify for free and reduced-price meals. The limited English proficiency (LEP) formula increases by $19.5 million, which represents a 9.9% increase over fiscal 2015. LEP enrollment grew by 4,657 students. The special education formula increases by $4.3 million, or 1.6%, due to the 1.4% increase in the foundation per pupil amount and an increase of 371 students since fiscal 2015. Transportation funding in fiscal 2016 increases by $7.9 million and includes funds to

support a 2.0% increase to student transportation. For more information on education aid by local school system, see subpart "Aid to Local Government" within Part A – Budget and State Aid of this *90 Day Report*.

Exhibit L-1
State Aid for Education
Fiscal 2015 and 2016
($ in Thousands)

Program	2015	2016	$ Change	% Change
Foundation Program	$2,882,444	$2,947,083	$64,638	2.2%
Net Taxable Income Grant	26,860	23,821	-3,039	-11.3%
Geographic Cost of Education Index*	132,685	136,200	3,516	2.6%
Supplemental Grant	46,620	46,620	0	0.0%
Small and Declining Enrollment Grant	593	52	-541	-91.2%
Compensatory Education Program	1,251,676	1,305,133	53,457	4.3%
Special Education Program	271,703	275,997	4,294	1.6%
Limited English Proficiency	197,659	217,180	19,521	9.9%
Guaranteed Tax Base	59,390	53,762	-5,628	-9.5%
Student Transportation	258,380	266,247	7,867	3.0%
Bridge to Excellence Subtotal	**$5,128,010**	**$5,272,095**	**$144,085**	**2.8%**
Nonpublic Special Education	110,918	122,618	11,700	10.5%
Prekindergarten Expansion	4,300	4,300	0	0.0%
Other Programs	94,124	75,912	-18,212	-19.3%
Direct Aid Subtotal	**$5,337,352**	**$5,474,925**	**$137,573**	**2.6%**
Teachers' Retirement	738,575	729,277	-9,298	-1.3%
Grand Total	**$6,075,927**	**$6,204,202**	**$128,275**	**2.1%**

*The Governor's fiscal 2016 budget funded the Geographic Cost of Education Index (GCEI) at 50%. The fiscal 2016 amount in this exhibit reflects 100% funding of the GCEI as provided in the budget adopted by the General Assembly; however, the restoration of half the GCEI is at the discretion of the Governor.

Note: Other programs includes general and special funds supporting SEED School; formulas for specific populations; infants and toddlers; innovative programs; food service; science, technology, engineering, and mathematic; Judy Hoyer; and teacher development. Excludes State Retirement Agency administrative fee for teacher's retirement.

Source: Department of Legislative Services

The State's share of teachers' retirement costs, which is paid on behalf of the local school systems, declines from $738.6 million to $729.3 million, representing a decrease of 1.3%. The BRFA of 2015, reduces the mandated State retirement supplemental contribution from $150.0 million to $75.0 million in fiscal 2016, and repeals the corridor funding method for the State Retirement and Pension System, which results in reductions in fiscal 2016 State aid for

retirement payments for public school teachers. Appropriations to support teachers' retirement costs are paid directly into the State's pension fund and do not pass through local school system budgets.

Net Taxable Income Adjustment Grants

Under Chapter 4 of 2013, State education aid formulas that include a local wealth component are to be calculated twice, once using a NTI amount for each county based on tax returns filed by September 1 and once using an NTI amount based on tax returns filed by November 1. Each local school system then receives the greater State aid amount that results from the two calculations with the increase phased in over five years. This is known as the NTI Adjustment Grant. The BRFA of 2015 delays the scheduled phase-in of NTI adjustment grants provided for public schools by one year, such that the phase-in percentage is altered from 60% to 40% in fiscal 2016, 80% to 60% in fiscal 2017, and 100% to 80% in fiscal 2018. Grant funding is fully phased in by fiscal 2019. Fiscal 2016 funding under the legislation totals $23.8 million, which is $11.9 million below the preexisting statutory level, and results in a $3.0 million, or 11.3%, decline compared to fiscal 2015. The $11.9 million in identified fiscal 2016 savings was redirected by the General Assembly to fund the restoration of other budget priorities, including the Geographic Cost of Education Index and provider rate increases.

Geographic Cost of Education Index

The Geographic Cost of Education Index (GCEI) is a discretionary formula that provides additional State funds to local school systems where costs for educational resources are higher than the State average. Funding for the GCEI was first provided in fiscal 2009 and it has been 100% funded since fiscal 2010. The Governor's proposed fiscal 2016 State budget includes 50% funding for the GCEI formula. The fiscal 2016 budget adopted by the General Assembly provides for 100% funding of the GCEI ($136.2 million); however, restoration of half the GCEI funding is at the discretion of the Governor. ***Senate Bill 183* (passed)** makes funding the GCEI formula mandatory rather than discretionary beginning in fiscal 2017 if full funding of GCEI is not provided for in the fiscal 2016 operating budget. The budget also specifies that if the GCEI is not fully funded in fiscal 2016, an additional $4.0 million in Cigarette Restitution Funds provided to increase funding for the Aid to Nonpublic Schools Textbook and Technology Program shall be redirected toward GCEI.

Nonpublic Placements

Most students with disabilities receive special education services in the public schools. However, if an appropriate program is not available in the public schools, a student may be placed in a private school offering more specialized services. The Governor's budget, as introduced, would have reduced the rates for payments to providers of nonpublic placements for the last quarter of fiscal 2015 to the fiscal 2014 level. In addition, a provision in the BRFA of 2015 would have held fiscal 2016 provider rates to the fiscal 2014 level, as well. Both the fiscal 2016 budget and BRFA were amended to maintain provider rates at the fiscal 2015 level, effective July 1, 2014.

Maryland School for the Blind

With the restoration of the 1.4% increase in the fiscal 2016 per pupil foundation amount, the statutorily required funding amount for the Maryland School for the Blind (MSB) was maintained in fiscal 2016. MSB is provided an appropriation of $19.6 million. In addition, language added to the fiscal 2016 budget identified an additional $1.8 million for the school as a priority funding initiative; however, the allocation of this additional funding is at the discretion of the Governor.

State Aid to Nonpublic Schools

A total of $10.0 million in Cigarette Restitution Funds (CRF) is provided to support the Aid to Nonpublic Schools Program, which provides funding to nonpublic schools for the purchase of textbooks and computer hardware and software. The budget, as introduced, provided $6.0 million in special funds from the CRF for the Aid to Nonpublic Schools Program, which is the same amount provided in fiscal 2015. An additional $4.0 million in CRF funding was provided, contingent on full funding of GCEI, in order to increase the per pupil allocation to $110 or $170 per students, depending on the percent of students eligible for free and reduced-price meals.

Quality Teacher Incentives

The State provides salary enhancements for teachers obtaining national certification and a stipend for teachers and other nonadministrative certificated school employees working in low-performing schools. With the transition to a new State curriculum, there has been a misalignment in recent years between what is taught in the classroom and what is tested as part of the State assessments; the assessment data drives school performance ratings. This has resulted in an artificial increase in the number of stipend-eligible schools and teachers and, therefore, significant increases in Quality Teacher Incentive funding. The BRFA of 2015 limits eligibility in fiscal 2016 to educators who are eligible to receive stipends through the Quality Teacher Incentive program as a result of teaching in a school that was identified, in fiscal 2014, as either having comprehensive needs or not having comprehensive needs. Accordingly, the fiscal 2016 budget is reduced by $13.4 million compared to the Governor's proposed budget. Stipends for teachers who only hold an Advanced Professional Certificate (APC) are repealed beginning in fiscal 2017. Expenditure savings under this program amount to an estimated $21.5 million by fiscal 2020.

Changes to the Compensatory Aid Formula

The State has distributed compensatory aid to local school systems since 1980 to fund programs for students with educational needs resulting from educationally or economically disadvantaged environments. Since fiscal 2004, the compensatory aid formula has used the number of students whose households self-identify as educationally or economically disadvantaged by submitting free and reduced-price meals application forms to the local school system.

The federal Healthy, Hunger Free Kids Act of 2010 provides an alternative to household applications for free and reduced-price meals in local school systems and schools that have high concentrations of poverty. This alternative is referred to as the U.S. Department of Agriculture's Community Eligibility Provision (CEP). To be eligible for CEP, local school systems and schools must meet a minimum level of students directly certified (via eligibility criteria for other low-income assistance programs) for free meals in the year prior to participating in CEP, agree to serve free breakfasts and lunches to all students regardless of household income, agree to cover any costs of providing free meals to all students above amounts provided in federal assistance with nonfederal funds, and agree not to collect free and reduced-price meal application forms. ***Senate Bill 334*/*House Bill 965* (both passed)** alter the enrollment count the State uses to calculate compensatory aid in fiscal 2017 and 2018 in order for local school systems to be able to participate in CEP without losing accessibility to compensatory aid.

Additionally, the bills require the Maryland State Department of Education (MSDE), in collaboration with the Department of Budget and Management and the Department of Legislative Service (DLS), to evaluate issues relating to how local school systems identify economically disadvantage students and whether participating in CEP has adversely affected the amount of compensatory aid local school systems or schools receive.

School Construction

Public School Construction

The Public School Facilities Act of 2004 (Chapters 306 and 307) established a State goal to provide $2.0 billion in State funding over eight years to address deficiencies, or $250 million per year through fiscal 2013. Although the $2.0 billion goal was met in fiscal 2012, one year early, the State has continued to provide at least $250 million for school construction annually. Between fiscal 2004 and 2015, the State invested $3.4 billion.

The Governor's proposed fiscal 2016 budget included a total of $280 million to support the traditional Public School Construction Program (PSCP). This funding was provided in the form of $250 million in general obligation (GO) bonds and $30 million in general fund pay-as-you-go (PAYGO) funding. The fiscal 2016 capital budget provides $280 million in general GO bonds for the PSCP. Approximately $27.2 million of the $30 million in general fund PAYGO was redirected to fund other legislative priorities in the operating budget and to avoid the need to use taxable bonds to support capital programs in the Department of Housing and Community Development. The remaining $2.8 million was allocated as a grant to Prince George's County for capital projects related to high school athletic facilities.

Exhibit L-2 shows the amount of school construction funding that has been recommended by the Interagency Committee on Public School Construction (IAC). This includes the allocation of the first 75% of funds that were approved by the Board of Public Works (BPW) in January 2015. The IAC's recommendations for allocating 90% the GO bonds and PAYGO included in the budget as introduced are also shown. With the actions adopted in the fiscal 2016 budget to redirect the

general fund PAYGO, alterations to the 90% allocation may occur. The 90% allocation, plus the remaining 10% of school construction funds, will be approved by BPW after May 1, 2014.

Exhibit L-2
Fiscal 2016 Public School Construction Funding
($ in Thousands)

LEA	IAC/BPW Approved 75%	90% Additional IAC Recommendation PAYGO	Bonds	90% Total Recommendation
Allegany	$8,120		$2,145	$10,265
Anne Arundel	16,700		8,648	25,348
Baltimore City	16,387		5,967	22,354
Baltimore County	17,800		9,285	27,085
Calvert	6,240		1,655	7,895
Caroline	2,000		527	2,527
Carroll	6,018		397	6,415
Cecil	3,289		825	4,114
Charles	8,950		2,596	11,546
Dorchester	0	0	0	0
Frederick	13,469		4,531	18,000
Garrett	0	0	0	0
Harford	9,309		0	9,309
Howard	15,700		6,300	22,000
Kent	615		0	615
Montgomery	18,600		9,018	27,618
Prince George's	17,800	9,285		27,085
Queen Anne's	0	0		0
St. Mary's	4,830		1,279	6,109
Somerset	1,370		157	1,527
Talbot	308			308
Washington	7,065		500	7,565
Wicomico	6,358		485	6,843
Worcester	72			72
MD School for the Blind	6,500	7,400	-6,500	7,400
Total	**$187,500**	**$16,685**	**$47,815**	**$252,000**

Source: Public School Construction Program, IAC

Public and Nonpublic Aging Schools

The fiscal 2016 capital budget includes $6.1 million in funds for the Aging Schools Program and $3.5 million for the Nonpublic Aging Schools Program. The Nonpublic Aging Schools Program, which was established in the fiscal 2014 capital budget, provides grants for school construction projects eligible under the Aging Schools Program, including school security

improvements to nonpublic schools that are also eligible for the Aid to Nonpublic Schools Program. The fiscal 2016 eligibility requirements and distribution of grants are consistent with the changes made in the fiscal 2015 capital budget. Excluding preschools, eligible nonpublic schools may receive up to $100,000 depending on how many of the following three criteria are met as required in the capital budget bill:

- at least 20% of a school's students are eligible for the free and reduced-price meals program;
- tuition charged to students is less than the statewide average per pupil expenditure for public schools as calculated by MSDE; and
- the school has a facility with an average age of at least 50 years.

Schools meeting one of the three criteria may receive up to $25,000. Schools meeting two of the three criteria may receive up to $75,000. Any eligible school receiving funding will receive a minimum allocation of at least $5,000.

Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms

Funding provided for school construction continued to be a major issue during the 2015 session. ***Senate Bill 490*/*House Bill 923* (both passed)** establish the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms. The bills require the Governor to include $20 million annually in the capital budget to fund the program in fiscal 2017. The fiscal 2016 capital budget provides $20 million to the program contingent on the enactment of this legislation. Counties with enrollment growth that exceeds 150% of the statewide five-year average growth or counties that have an average of more than 300 relocatable classrooms over five years are eligible for funding under the program. Eligible counties will receive a share of the grant in proportion to their enrollment and must match the grant by the same local share that is required for other school construction projects. In fiscal 2016, Anne Arundel, Baltimore, Howard, Montgomery, and Prince George's county school systems are eligible to participate in the program based on either enrollment growth and/or use of relocatable classrooms.

Qualified Zone Academy Bonds

Qualified Zone Academy Bonds (QZABs) are an alternative bond program that the federal government authorizes with bond holders receiving federal tax credits in lieu of interest. ***House Bill 110* (passed)** authorizes $4.6 million in QZABs to be issued by December 31, 2015. Since 2001, the State has issued $92.2 million in QZABs allocated by the federal government.

Statewide Education Policy

Public Charter Schools

The Maryland Public Charter School Program was enacted in 2003 to enable individuals and organizations to apply to a county board to establish a public charter school in the State. In light of the tenth anniversary of the program and growing advocate concerns regarding implementation of the program, Chapter 451 of 2013 required MSDE to conduct a study and provide recommendations on public charter schools in the State. The study was completed in December 2014, however DLS found the study "did not address any of the required elements in a thorough or comprehensive manner, resulting in conclusions and recommendations that cannot be substantiated."

***Senate Bill 595* (passed)**, the Public Charter School Improvement Act of 2015, alters existing State law regarding the establishment and operation of public charter schools in the State.

Lotteries and Student Placement: Currently, a public charter school must admit students by a county-wide lottery process. The bill allows a public charter school to give greater weight to a student in a lottery if the student is eligible for free and reduced-price meals, a student with disabilities, a student with limited English proficiency, a homeless student, or a sibling of a currently enrolled student in the public charter school for which the sibling is applying.

Additionally, the bill allows public charter schools to designate a geographic attendance area, within which the median income is equal to or less than the median income of the county and from which student placement in the public charter school is guaranteed for up to 35% of its available space. The bill specifies that a decision made by the public chartering authority regarding a geographic attendance area is not subject to appeal to the State board.

If a public charter school operator has multiple public charter schools that make up a multi-year program, the public charter school may provide placement for up to 35% of students who attended a public charter school operated by the same operator during the previous year.

Operating Flexibility for Certain Existing Public Charter Schools: The bill expands operating flexibility to certain public charter schools that have been in existence for at least five years and demonstrate to the public chartering authority a history of sound fiscal management and student achievement that exceeds the average in the local school system based on statewide assessments and other measures developed by the State board. The State board is required to develop standards and criteria by which a public charter school must be assessed by a public chartering authority for this additional flexibility.

If an eligible public charter school and the public chartering authority reach a mutual agreement regarding alternative means by which the public charter school will meet the intent of the policies of the local school system, an eligible public charter school may be exempt from requirements for textbooks, instructional programs, curricula, professional development, and scheduling. The public charter school may also be exempt from requirements to establish a school community council, requirements to establish a school improvement plan (unless the public charter

school is a Title I school), requirements to provide school activity disclosure statements, and class size or staffing ratios (except for prekindergarten classes).

Chartering Authority: The bill repeals the State board's role as a primary or secondary public chartering authority, making the sole public chartering authority a county board of education. The bill clarifies current practice in that if a county board denies an application to establish a public charter school and the State board reverses the decision, the State board may remand the matter to the county board, may direct the county board to grant a charter, and may, if necessary, mediate in order to implement the charter.

Public Charter School Policy: The bill requires each county board to provide the county board's public charter school policy to the State board and requires each county board to provide notice to the State board of any amendments to the policy. The policy must be made available upon request as well as posted on the county board's website.

MSDE Responsibilities: The bill requires a designated MSDE staff person to provide technical assistance to public charter school operators, gather information from public charter schools in the State regarding best practices and innovative techniques, and share the information with other public schools in the State. The bill also requires MSDE to submit an annual report to the General Assembly regarding any updates or amendments made to a county board's public charter school policy as well as implementation of the charter school program.

Application Process: An application to establish a public charter school must include a plan to provide a rigorous program of instruction that includes methods for satisfying any requirements from which the public charter school may seek a waiver and a description of how a weighted admissions lottery or guaranteed student placement will be implemented. Review of an application must be in accordance with the public chartering authority's application review process. A public chartering authority may approve an application contingent on a number of factors, including the public charter school's ability to meet county board timelines for securing a facility and final approval by the public chartering authority regarding the suitability of a proposed facility.

Waivers: The bill clarifies that a public charter school must apply to the county board for a waiver of a county board policy and the State board for a State board policy.

Employees of a Public Charter School: The bill includes county boards in the process to negotiate amendments to existing collective bargaining agreements to address the needs of a particular public charter school, including work days, work hours, and school year, and procedures for transfers that are consistent with the mission of the public charter school. The bill also states that the professional staff of a public charter school are subject to the same certification provisions for professional staff as other public schools, including alternate pathways to certification.

Funding and Expenditure Study: Lastly, the bill requires MSDE, in consultation with DLS to contract for a study of the amount of funding provided to public charter schools and traditional public schools by local school systems. The purpose of the study is to calculate the average operating expenditures by each local school system for students enrolled in a public school

that is not a public charter school or stand-alone special education school, to be aggregated at the State level to serve as the baseline for determining commensurate funding for all public schools. The results of the study must be submitted by October 31, 2016.

Curriculum, Assessments, and Testing

***Senate Bill 497/House Bill 452* (both passed)** establish the Commission to Review Maryland's Use of Assessments and Testing in Public Schools. MSDE must provide staff for the commission. By July 1, 2016, the commission must report its findings and recommendations to the State Board of Education, each local board of education, and the General Assembly. By September 1, 2016, each local board must review and consider the commission's findings and recommendations, and make comments and recommendations related to whether they accept or reject the commission's findings and recommendations to the State Board of Education and make the comments and recommendations available to the public on request. By October 1, 2016, the State board must review the commission's findings and recommendations; make comments and recommendations related to whether they accept or reject the commission's findings and recommendations; and submit a compilation of the comments and recommendations made by each local board to the General Assembly.

Separate from the above, MSDE must also survey and assess how much time is spent in each grade and in each local school system administering mandated assessments and compile the results of the assessment and review into a document comparable across all local school systems. By August 31, 2015, and October 15, 2015, MSDE is required to submit the compilation document to the State board, each county board, the Governor and specified committees of the General Assembly, as well as various stakeholder groups. By November 30, 2015, each county board and stakeholder group is required to review and comment to the State board on the compilation document. Finally, by December 31, 2015, the State board must review and consider the results of MSDE's surveys, make comments and recommendations, and submit a compilation to various committees of the General Assembly, each county board, and specified stakeholder groups.

Nonpublic Schools Tax Credit

***House Bill 487* (failed)** would have created a State income tax credit for 60% of the contributions made by a business entity or nonprofit organization to an eligible nonprofit organization that provides financial assistance to students at public or eligible nonpublic K-12 schools as well as prekindergarten programs. For a more detailed discussion of this issue, see the subpart "Income Taxes" within Part B – Taxes of this *90 Day Report*.

Student Privacy

As many public schools and school systems incorporate technology into the classroom to aid in student learning, including personalized and targeted learning, many types of a student's personal information are made available to operators of online and application services technology providers. ***House Bill 298* (passed)** requires an operator of specified websites, online services, online applications, and mobile applications designed primarily for a preK-12 school purpose to protect covered information from unauthorized access, destruction, use, modification, or

disclosure; to implement and maintain reasonable security procedures and practices to protect covered information; and to delete within a reasonable time covered information that is under the authority of a public school or local school system upon request of the public school or local school system. Additionally, an operator may not knowingly engage in targeted advertising, use information to make a profile about a student, sell a student's information, or disclose covered information except as otherwise provided.

Students with Disabilities

Dyslexia: ***Senate Bill 15*/*House Bill 278* (both passed)** establish a Task Force to Study the Implementation of a Dyslexia Education Program. The task force is required to determine current practices for identifying and treating dyslexia in students in public schools in the State and other states and to determine the appropriate structure for establishing a dyslexia education program, including making recommendations on funding sources, testing methodologies, and best practices for treatment. The task force must develop a pilot program to initiate the recommendations of the task force in appropriately limited geographical areas. The task force must report its findings and recommendations to specified committees of the General Assembly by December 30, 2015.

Blind or Visually Impaired Children: Under current law, if at the initial individual education program (IEP) meeting a child is suspected of being visually impaired, a decision will be made regarding an appropriate assessment. At the next IEP meeting, an appropriate set of services may be determined based on the results of the assessment. Orientation and Mobility (O&M) specialists are professionals who work with individuals who have visual impairments to help them adapt to and navigate through their environment using their remaining senses.

***Senate Bill 538*/*House Bill 535* (both passed)** require orientation and mobility instruction to be included in the IEP of a child who is blind or visually impaired, unless the IEP team for that child determines that the instruction is not appropriate for the child. If an IEP team member objects to the inclusion of the instruction in the child's IEP because the team member finds it inappropriate, the IEP team must order an assessment to be conducted. Within 30 days of receiving an assessment, the IEP team must meet to consider the results and determine if O&M instruction is appropriate for the child. If the IEP team determines that the instruction is not appropriate, it may not include the instruction in the child's IEP. The decision of the IEP team is binding for the entire school year in which the decision is made unless there are significant changes in the circumstances of the child. A child may not be denied O&M instruction solely because the child has some remaining vision.

The bills also require an O&M assessment to be conducted by a qualified individual in accordance with regulations adopted by MSDE. By January 1, 2017, MSDE is required to adopt regulations that define how an individual is deemed qualified to conduct an O&M assessment. This regulation may not effectively prohibit a blind or visually impaired individual from being qualified to provide O&M services or conduct assessments.

Health and Safety

School-based Health Centers: School-based Health Centers (SBHCs) are located in a school or on a school campus, and provide onsite comprehensive preventive and primary health services. Services may also include mental health, oral health, ancillary, and supportive services. As of the 2014-2015 school year there are 80 SBHCs in 12 counties including Baltimore City.

***Senate Bill 403/House Bill 375* (both passed)** establish the Maryland Council on Advancement of School-Based Health Centers as a replacement for the Maryland School-Based Health Center Policy Advisory Council within MSDE. MSDE is authorized to seek the assistance of organizations with expertise in school-based health care to provide additional staffing resources. The council is required to develop policy recommendations on improving the health and educational outcomes of students who receive services from school-based health centers. By December 31 of each year, the council must report its findings and recommendations to MSDE and the Department of Health and Mental Hygiene. In its December 2016 report, the council is required to include information on the number and location of school-based health centers that are co-located with behavioral health services and other specified recommendations.

School and Day Care Contractors and Subcontractor Hiring Requirement: ***Senate Bill 508/House Bill 642* (both passed)** prohibit nonpublic schools and local boards of education from hiring or retaining contractors or subcontractors who have been convicted of specified crimes of violence or of sexual abuse. A contract for a nonpublic or a local school system must provide that a contractor or subcontractor for the school may not knowingly assign an employee to work on the school premises with direct, unsupervised, and uncontrolled access to children if the employee has been convicted of specified crimes. Furthermore, contractors and subcontractors who have direct, unsupervised, and uncontrolled access to children in specified facilities, including schools and day care centers, are required to submit to a criminal history records check.

School Counselor Certification Renewal: ***Senate Bill 251/House Bill 947* (both passed)** require the Professional Standards and Teacher Education Board (PSTEB) to require a certificate holder who applies for renewal, rather than initial certification, as a school counselor to obtain, by a method determined by PSTEB, the skills to understand and respond to the social, emotional, and personal development of students, including the recognition of indicators of mental illness and behavioral distress and the identification of professional resources to help students in crisis.

Miscellaneous

Teachers of Early Childhood Education: ***Senate Bill 677/House Bill 1069* (both passed)** require MSDE, in collaboration with the Maryland Higher Education Commission and certain representatives from institutions of higher education, to develop a master plan to address the critical shortage of qualified professional teachers and child care providers in the early childhood education workforce. The bills also require MSDE and commission to jointly make recommendations on methods of attracting individuals to the field of early childhood education and retaining current teachers and providers. The plan must be submitted by December 31, 2015.

Alternative Teacher Certification Program: Alternative teacher preparation programs differ from traditional teacher preparation programs in that alternative preparation leads to teacher certification, but not necessarily to a bachelor's degree. Alternative preparation programs allow an individual to begin teaching and receiving a salary earlier in a program, and they usually cost much less than traditional routes. ***Senate Bill 635 (passed)*** require the State board, the Professional Standards and Teacher Education Board, and at least two local school systems, one rural and one urban, as selected by the State Superintendent of Schools, to consider and, if appropriate, develop an alternative teacher certification program for areas of the State experiencing a critical teacher shortage.

Federal Elementary and Secondary Education Act Flexibility Waiver

A school that fails to meet certain benchmarks required by the No Child Left Behind Act (NCLB), the most recent authorization of the federal Elementary and Secondary Education Act (ESEA), may endure strict penalties for noncompliance. Due to these strict penalties, the U.S. Department of Education (USDE) offered states an opportunity to apply for waivers from certain provisions of NCLB. In order to receive a flexibility waiver, states have to outline their plans to improve instruction and student academic achievement on certain topics. Maryland currently has a USDE-approved flexibility waiver from ESEA through the 2014-2015 school year.

Chapter 630 of 2014 required MSDE to submit a proposed request for a waiver from ESEA to the Legislative Policy Committee (LPC), and allow the committee at least 30 days to review and comment on the proposed waiver request, before submitting it to USDE. The State Board of Education approved a draft 2015 ESEA Waiver Renewal Request on February 24, 2015. Accordingly, the draft was submitted by MSDE on February 24, 2015 to LPC.

MSDE is requesting continued flexibility in all nine NCLB requirements and five optional waivers offered by USDE. These include waivers from determining Adequate Yearly Progress (AYP) for schools and local school systems, and from required improvement actions and use of funds for schools and local school systems not meeting AYP; requirements for determining Title I schools based solely on percentage of students in poverty; limitations on the use of ESEA funds; and certain requirements for the improvement of plans regarding highly qualified teachers. In order to receive a waiver, MSDE must also provide 14 assurances to USDE.

The renewal requests a three-year ESEA waiver through the 2017-2018 school year. It is organized into four principles (1) College- and Career-Ready Expectations for all Students; (2) State-Developed Differentiated Recognition, Accountability, and Support; (3) Supporting Effective Instruction and Leadership; and (4) Reducing Duplication and Unnecessary Burden) of ESEA flexibility and changes are being proposed in Principles (1), (2), and (3). The major changes in the waiver include the proposal of a new school accountability system that will be based on student performance on PARCC; an increase in the group size on State assessments and reporting groups; and refinements to the teacher and principal evaluation system based on the State's proposed amendments to the current waiver that were not approved by USDE in 2014.

The State board approved a revised waiver request that incorporated comments from various stakeholders on March 24, 2015. LPC submitted a letter of support for the revised waiver

on March 30, 2015 and MSDE submitted the waiver to USDE on March 31, 2015, the deadline for submission.

Local Education Policy

Funding Accountability in Anne Arundel County

Over the past several sessions bills have passed requiring various governmental entities to include certain financial information on a website. ***Senate Bill 484*/*House Bill 848* (both passed)** require the Anne Arundel County Board of Education to develop and operate a free, public, searchable website by January 1, 2017, that includes data on specified board payments of $25,000 or more to a single payee, excluding payments to Anne Arundel County public school employees and retirees as compensation or retirement allowance. The website must also include a search function that allows the public to submit queries based on the name and zip code of the payee.

JROTC Instruction in Baltimore County

In Calvert, Charles, Garrett, and Prince George's counties, a public school employee includes Junior Reserve Officer Training Corps (JROTC) instructors. ***Senate Bill 466/House Bill 895* (both passed)** include Reserve Officer Training Corps JROTC instructors in Baltimore County as a public school employee. In Baltimore County, a public school employee includes a secondary school nurse, an elementary school nurse, and a special school nurse. The bills allow these instructors to join the Teachers Association of Baltimore County (TABCO), which will entitle them to receive any contractual payments negotiated between TABCO and the county board of education.

School Buses in Montgomery County

The Montgomery County Public School System advises that it must relocate approximately 410 of its school buses from their current depot no later than January 2017. Approximately 80 of the school buses may need to be housed at one or more locations that will not be highly secure. Authorization to lock school buses while not in use would help to make such locations viable options for housing school buses. Therefore, ***House Bill 510* (passed)** authorizes the Montgomery County Board of Education to use a school bus with doors that lock to transport students in the county as long as the locking system prevents the bus from being operated when any bus exit is locked.

Prince George's County Board of Education

County-based Business Participation Program: To facilitate the participation of county-based businesses in the school system's procurement for supplies, services, and construction in Prince George's County, ***House Bill 634* (passed)** authorizes the Prince George's County Board of Education, in consultation with the Chief Executive Officer (CEO) of the Prince George's County Public Schools, to establish a certified county-based business participation program. If the county board of education elects to establish a program, the board and the CEO are required to consult with the Prince George's County Council regarding implementation of the

program; enter into a binding memorandum of understanding with the county council outlining the board's goals and commitment to implementing the program; and establish goals and requirements for the program that may include specified criteria related to the participation of certified county-based businesses.

Youth Wellness Leadership Pilot Program: To promote youth-led health and wellness advocacy skills and to teach participating students skills in health and wellness, academic performance, peer education, leadership, career development, and economic wellbeing, ***Senate Bill 295/House Bill 197 (both passed)*** establish a Youth Wellness Leadership Pilot Program in Prince George's County. After consultation with the Department of Health and Mental Hygiene, the Prince George's County Board of Education is required to establish the program for 125 public high school students. The school board may collaborate with local community organizations involved in youth-led health and wellness advocacy programs and may use funds donated by such organizations to implement the pilot program. The school board must report annually on the effectiveness of the program. The program terminates on September 30, 2018.

Credit Card Use by Board Members: On February 12, 2015, the Prince George's County Board of Education adopted a change to its internal Bylaw 9354 to prohibit the use of credit cards for school-related expenses by board members. ***House Bill 707 (passed)*** prohibits the Prince George's County Board of Education from issuing a credit card to a member of the county board.

English Language Learners Liaison Pilot Program: To address the specific needs of English language learner students and their families, ***Senate Bill 622 (passed)*** establishes an English Language Learner Liaison Pilot Program in the Maryland State Department of Education (MSDE) for Prince George's County. The purpose of the program is to collaborate with employees of the school system to identify and address the various needs of English language learners and their families. MSDE must report annually on the effectiveness of the program. The program terminates on June 30, 2017.

Washington County Superintendent of Schools

The Washington County School Superintendent began employment with the county as superintendent on July 1, 2011. The contract was renewed July 1, 2013, and will expire June 30, 2017. ***Senate Bill 71/House Bill 191 (both passed)*** exempt the Washington County Board of Education from certain provisions of law so as to allow the Washington County Board of Education to renew the superintendent's contract at any time during the four-year contract. In addition, on or before November 1, 2015, the State Superintendent of Schools is required to submit recommendations to the Governor and the General Assembly on ways to improve the recruitment and retention of county superintendents of schools in the State.

Funding for Libraries

As seen in **Exhibit L-3**, fiscal 2016 funding for local libraries increases by $1.8 million, or 2.6%, when compared to fiscal 2015. 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 BRFA of 2015 reduces the per capita amount from $15.00 to $14.27 in fiscal 2016, and extends the phase-in to the full amount from fiscal 2019 to 2025. Fiscal 2016 funding through the library formula totals $35.4 million, a $1.0 million increase compared to fiscal 2015.

Exhibit L-3
State Aid for Local Libraries
Fiscal 2015 and 2016
($ in Thousands)

Program	2015	2016	$ Change	% Change
Library Formula	$34,446	$35,406	$960	2.8%
Library Network	16,323	16,613	290	1.8%
Direct Aid Subtotal	**$50,769**	**$52,019**	**$1,250**	**2.5%**
Librarians' Retirement	18,528	19,109	580	3.1%
Grand Total	**$69,297**	**$71,128**	**$1,830**	**2.6%**

Source: Department of Legislative Services

In addition, the State provides funds through the State Library Network to libraries designated as State and regional resource centers. Funding for the resource centers is set at a per resident amount for each region. The BRFA of 2015 also extends the phase-in of the increase in the per capita funding amount to a 10-year phase-in period beginning with a per resident amount of $6.95 in fiscal 2016, thus reducing fiscal 2016 funding by $526,100 compared to the prior statutory level. Fiscal 2016 State library network funding totals $16.6 million, an increase of $289,700 over fiscal 2015.

As discussed above for the teachers' retirement funding, the BRFA of 2015 decreased State supplemental retirement payments, which impacts State retirement aid on behalf of local library employees. Fiscal 2016 funding totals $19.1 million, an increase of $580,300 over fiscal 2015.

Higher Education

Funding

State support for higher education in the fiscal 2016 budget totals $1.8 billion, an increase of $21.9 million, or 1.2%, over fiscal 2015 as shown in **Exhibit L-4**. Public four-year institutions receive the bulk of the new State funds, totaling approximately $17.5 million, which includes new general funds and Higher Education Investment Funds.

Exhibit L-4
State Support for Higher Education
Fiscal 2015 and 2016

	FY 2015[1]	FY 2016[2]	$ Change FY 15-16	% Change FY 15-16
University System of Maryland	$1,203,433,641	$1,218,844,919	$15,411,278	1.3%
Morgan State University	84,197,526	85,011,419	813,893	1.0%
St. Mary's College of Maryland	22,221,538	23,504,174	1,282,636	5.8%
MHEC Special Grants[3]	9,196,855	7,760,250	-1,436,605	-15.6%
Community Colleges[4]	290,525,898	296,129,133	5,603,235	1.9%
Baltimore City Community College	40,211,643	40,775,643	564,000	1.4%
Independent Institutions	41,422,240	42,822,240	1,400,000	3.4%
MHEC Administration	6,035,893	6,015,470	-20,423	-0.3%
MHEC Student Financial Aid	106,051,547	104,397,532	-1,654,015	-1.6%
Unallocated MHEC Reductions[5]	-1,959,900	-2,068,000		
Total	**$1,801,336,881**	**$1,823,192,780**	**$21,855,899**	**1.2%**

MHEC: Maryland Higher Education Commission

[1]Fiscal 2015 general funds are adjusted to reflect January Board of Public Works reductions.
[2]Fiscal 2016 general funds are adjusted to reflect across-the-board reductions including a general 2% reduction, elimination of employee increments, and a 2% pay reduction.
[3]Special grants funded with State general and special funds are included, which primarily pass through to higher education institutions.
[4]Community College funds include the Senator John A. Cade Funding Formula, other programs, and fringe benefits.
[5]The amounts reflect the required 2% general reduction that MHEC will need to allocate among its programs. At the time of publication, the planned allocation was unknown.

Source: Maryland State Budget Books, Department of Legislative Services

University System of Maryland and Morgan State University

The University System of Maryland (USM) and Morgan State University (MSU) receive increases of $15.4 million, or 1.3%, and $0.8 million, or 1.0%, respectively, over fiscal 2015. The budget assumed a resident undergraduate tuition rate increase of 5.0% at all USM institutions and MSU. 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 an increase of $1.3 million, or 5.8%, in State support. SMCM has one of the highest public four-year tuition rates in the country. The $1.5 million SMCM Stabilization Grant received in fiscal 2015, meant to slow the growth of tuition, is now directly budgeted within the college's statutory funding formula. This follows upon

legislation enacted in 2013 that froze fall 2013 and 2014 tuition at the fall 2012 rate. Due to the Stabilization Grant, the college was actually able to decrease the fall 2014 tuition rate by about 7%, and the college will freeze resident undergraduate tuition in fall 2015.

Community Colleges

Overall, State funding for local community colleges increases $5.6 million, or 1.9%, over fiscal 2015. This figure includes the Senator John A. Cade Funding Formula, which consists of direct grants and other miscellaneous grants, including funds for State-paid retirement programs and English for speakers of other languages (ESOL). Compared to the fiscal 2016 allowance, the Cade formula declines about $9.0 million due to the formula being recalculated to account for reductions that applied across multiple agencies, including the public four-year institutions. However, compared to the Governor's proposal in the Budget Reconciliation and Financing Act of 2015, community colleges receive $4.0 million more than they would have in fiscal 2016. Under the legislative appropriation, funding for the Cade formula and miscellaneous grants totals $239.4 million, an increase of $3.5 million, or 1.5%, over fiscal 2015 and retirement aid totals $56.7 million, an increase of $2.1 million, or 3.9%, over fiscal 2015.

This amount of State funding in fiscal 2016 provides hold harmless grants to all eligible two-year institutions relative to fiscal 2015 cost containment. Since 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. Community college enrollment is projected to decrease in the near future, therefore, some colleges are expected to qualify for further hold harmless grants in the next few years.

Baltimore City Community College (BCCC), Maryland's only State-operated community college, has a separate statutory funding formula. In fiscal 2016, due to an ongoing decline in student enrollment, BCCC's formula funding decreased to $38.2 million. However, a hold harmless clause in current law requires direct State support to be $40.8 million, plus ESOL funding of $1.0 million. Legislative action then decreased State support by approximately $1.0 million.

Independent Institutions

Independent institutions receive $42.8 million through the Joseph A. Sellinger Formula in fiscal 2016, an increase of $1.4 million, or 3.4%, from fiscal 2015. This is about $5.1 million lower than the fiscal 2016 allowance due to the Sellinger formula also being recalculated to account for reductions that applied across multiple agencies, including the public four-year institutions. Compared to the Governor's original fiscal 2016 budget plan, Sellinger funding is $1.4 million higher than it would have been. The loss of accreditation for Sojourner-Douglass College (SDC) likely means that institution will not be eligible for Sellinger funding in fiscal 2016 and so will be excluded from future enrollment calculations for the Sellinger funding formula. The funding that would have gone to SDC is anticipated to be redistributed among the other independent institutions.

Capital Funding

Capital funding for public four-year institutions totals $373.5 million for fiscal 2016 including $54.5 million in academic revenue bonds authorized by ***House Bill 1182* (passed)**. Community colleges receive $54.9 million for the Community College Facilities Grant Program and independent institutions receive $9.6 million in capital funding for fiscal 2016. For more information on authorized capital projects, see the subpart "Capital Budget" within Part A – Budget and State Aid of this *90 Day Report*.

Financial Aid

Student financial aid programs receive a total of $104.4 million in the fiscal 2016 budget, a $1.7 million, or 1.6%, decrease from fiscal 2015 due to one-time deficiency appropriations from the Need Based Student Financial Assistance Fund (NBSFAF) in the prior year. The largest State need-based aid program, the Delegate Howard P. Rawlings Educational Excellence Awards, is level funded at $80.0 million. Over the past few years the Maryland Higher Education Commission (MHEC) worked to spend down the accumulated balance in NBSFAF, which includes canceled or unspent financial aid award funds that are carried forward from prior years. The current NBSFAF balance is approximately $1.6 million before fiscal 2015 cancellations are added. While additional financial aid funds may be made in fiscal 2015 or 2016 from this fund they would likely be much smaller in size than in previous years when $10.0 million or more was appropriated from this fund.

Fiscal 2015 is the final year of funding for the Distinguished Scholars Program, the State's only merit-based award.

Maryland Higher Education Commission

Regulation of Fully Online Distance Education Programs

***Senate Bill 13*/*House Bill 10* (both passed)** alter the definition of "fully online distance education program" to require MHEC to determine whether any portion of a program offered at a location in the State requires a certificate of approval to operate. When physical presence is achieved, the institution of higher education that offers the program must obtain a certificate of approval to operate in the State instead of pursuing the lesser regulatory structure of registering the program with MHEC. Chapter 132 of 2014 as amended and passed inadvertently created gaps in MHEC's authority to regulate out-of-state institutions of higher education that offer online education programs in the State. The bills return the law to the posture prior to passage of Chapter 132.

MHEC is authorized to enter into the State Authorization Reciprocity Agreement (SARA) through ***Senate Bill 496*/*House Bill 672* (both passed)**. SARA is an agreement among member states, districts, and territories that establishes comparable national standards for the interstate offering of postsecondary distance education courses and programs. The intent is to make it easier for students to take online courses offered by postsecondary institutions based in another state. SARA membership is voluntary and is overseen by a national council. Four regional education

compacts administer SARA, including the Southern Regional Education Board, to which Maryland belongs.

SARA participation is by institution; therefore, even if a state belongs to SARA, each college or university must decide for itself whether to operate under SARA. Before operating under SARA, an institution must be authorized by its home state, by the appropriate body. In Maryland, MHEC is the authorizing body, and the bills are the permitting legislation for MHEC to be able to participate in SARA.

Outreach and College Access for Low-income Students

***Senate Bill 816*/*House Bill 779* (both passed)** establish the Maryland Higher Education Outreach and College Access Pilot Program which will target low-income Maryland high school students and encourage them to attend and complete college. The two-year pilot program will connect potential college and university students with nonprofit organizations that have a history of successful higher education outcomes for targeted youth. The program creates an equal matching fund for nonprofit organizations to access in order to increase college outreach services to low-income students. To be eligible for participation in the program, a nonprofit organization must be located in the State, have or establish a contract or memorandum of understanding with a local school system or an institution of higher education, and demonstrate an equal match for funds requested.

Sexual Assault Policies and Surveys

Sexual assaults on college campuses were the subject of several bills during the 2015 session. Under federal law, a school is obligated to act when it knows or reasonably should have known that one of its students has been sexually assaulted. A school is charged with providing a safe learning environment for all students and giving victims the help needed to reclaim their education. As part of Title IX of the federal Education Amendments of 1972, schools that receive federal financial assistance are required to take the necessary steps to prevent sexual assault on their campuses and respond promptly and effectively when an assault is reported.

***House Bill 571* (passed)** requires the sexual assault policies of institutions of higher education to conform with Title IX in addition to other requirements and requires MHEC to establish procedures by which institutions administer a sexual assault campus climate survey on or before March 1, 2016, and at least every two years thereafter.

Sexual Assault Policies

Under the bill, a sexual assault policy must prohibit the imposition of a campus conduct action, except for a mandatory intervention for substance abuse, for a violation of the alcohol or drug use policies of the institution for a student who reports to the institution or a law enforcement officer an incident of sexual assault, or who participates in an investigation of a sexual assault as a witness under specified circumstances. The policy must also prohibit the institution of higher education from retaliating against a student who files a complaint for sexual assault or who participates as a witness in an investigation of a sexual assault. The policy must include provisions

for the pursuit, by the institution, of formalized agreements with a local law enforcement agency that complies with the relevant provision of Title IX and a State-designated rape crisis program or federally recognized sexual assault coalition, or both.

Reporting to MHEC and the General Assembly

On or before June 1, 2016, and every two years thereafter, in addition to the school-specific results of the survey, the bill requires each institution of higher education to submit to MHEC a report aggregating data collected by the institution regarding sexual assault complaints made to the institution including types of misconduct, outcome of each complaint, disciplinary actions taken by the institution, accommodations made to students, and number of reports involving alleged nonstudent perpetrators. In reporting the data, the institutions of higher education must make reasonable efforts to protect student privacy. Institutions must submit this data along with the data required by the Jeanne Clery Disclosure of Campus Security Policy and Crime Statistics Acts, as amended by the Violence Against Women Reauthorization Act of 2013. By October 1, 2016, and every two years thereafter, MHEC must report this information to the Governor and specified committees of the General Assembly and publish the results on MHEC's website and in any other location or venue MHEC determines is necessary or appropriate.

Student Personal Electronic Accounts

Institutions of postsecondary education are prohibited from requiring, requesting, suggesting, or causing a student or prospective student to grant access to, allow observance of, or disclose information that allows access to or observation of the individual's personal electronic account through ***Senate Bill 210*/*House Bill 934* (both passed)**. The governing board of an institution of postsecondary education may adopt a policy that requests that a student create a generic personal electronic account in order to complete an academic or career-based activity. The board may not penalize a student or applicant because of his or her refusal to comply with any actions covered within the legislation.

Regional Higher Education Centers

The Frederick Regional Higher Education Center is renamed by ***Senate Bill 25*/*House Bill 37* (both passed)** to be the Frederick Center for Research and Education in Science and Technology, or CREST. The legislation also designates an advisory board as being a governing board with the ability to submit an application to MHEC to become a Regional Higher Education Center and be eligible for State funding. Additional expanded powers of the governing board include operating and exercising general control over CREST; fixing salaries and terms of employment of the employees; purchasing, leasing, or otherwise acquiring property; and selling, leasing, or disposing of assets or property.

Scholarships

Hattie N. Harrison Memorial Scholarship

In memory of Hattie N. Harrison, the longest serving delegate to the Maryland House of Delegates and the first African American woman to chair a legislative committee in Maryland, ***Senate Bill 185*/*House Bill 1* (both passed)** name the existing Workforce Shortage Student Assistance Grant for child care providers to be the Hattie N. Harrison Memorial Scholarship.

Edward T. and Mary A. Conroy and Jean B. Cryor Memorial Scholarship Programs

***Senate Bill 865*/*House Bill 11* (both passed)** expand the eligibility requirements for the Edward T. Conroy and Jean B. Cryor Memorial Scholarship programs to include the *stepchildren* of specified U.S. Armed Forces members, State or local public safety employees, or school employees who died in the line of duty or are 100% disabled due to an injury sustained in the line of duty. The expansion also includes the stepchildren of victims of the September 11, 2001 terrorist attacks. Further, in memory of Mary A. Conroy, who represented District 23A in Prince George's County as senator for several months following the death of her husband Edward T. Conroy in 1982, and who later served as a member of the Maryland House of Delegates from 1986 until 2007, the bills rename the Edward T. Conroy Memorial Scholarship to be the Edward T. and Mary A. Conroy Memorial Scholarship.

Walter Sondheim Jr. Public Service Internship Scholarship Program

Chapter 490 of 2007 established the Walter Sondheim Jr. Public Service Summer Internship Scholarship Program to assist undergraduate and graduate students with exploring public service career opportunities through summer internships. To provide spring and fall internship scholarships in addition to summer internships, ***House Bill 74* (passed)** expands eligibility under the Walter Sondheim Jr. Public Service Internship Scholarship Program for spring and fall internship scholarships and renames the program accordingly. As under the summer scholarship program, the Shriver Center may award scholarships of $3,000 under the program each year, subject to the availability of funds.

Tuition Subsidies

Veterans and Their Dependents

When actively serving in the U.S. Armed Forces, service members live where the military needs them. Once their service is over and they are discharged, it can be difficult for service members and their dependents to establish residency in any state in order to receive in-state tuition benefits. Under Section 702 of the federal Veterans Access, Choice and Accountability Act of 2014, veterans and their spouses and children, using Veterans Education Benefits under the Post-9/11 GI Bill and the Montgomery GI Bill must be exempt from paying out-of-state tuition at public institutions of higher education by July 1, 2015. Institutions must provide in-state tuition to veterans and eligible dependents to remain eligible to receive GI Bill education payments. ***House Bill 799* (passed)** requires each public institution of higher education to comply with federal

law exempting specified veterans of the U.S. Armed Forces, and their spouses and children, from paying out-of-state tuition at a public institution of higher education.

Unaccompanied Homeless Youth

A tuition and mandatory fee waiver for unaccompanied homeless youth was establish in 2014 by Chapter 600. Public institutions of higher education in the State enrolled the first class of homeless youth qualifying for the tuition and mandatory fee waiver in fall 2014. That program does not explicitly require an unaccompanied homeless youth to reside in Maryland prior to matriculation to receive the tuition and mandatory fee waiver, nor does it require institutions to periodically verify that an individual is an unaccompanied homeless youth. Therefore, some institutions had raised concerns that youth who are no longer living at home and/or who do not live in Maryland may qualify for the waiver, even though they may have chosen to leave home or are not homeless in the sense that Chapter 600 intended.

To address these concerns, ***Senate Bill 225*/*House Bill 297* (both passed)** require an individual's status as an "unaccompanied homeless youth" to be determined by one of several specified individuals to qualify for a tuition and mandatory fee exemption to attend a public institution of higher education in Maryland. The bills also require documentation that the child or youth has had a consistent presence in the State for at least one year before enrollment in a public institution of higher education. In addition, the bills require annual verification by a financial aid administrator that an individual who may be an unaccompanied homeless youth qualifies as an independent student under the federal College Cost Reduction and Access Act.

Victims of Human Trafficking

***Senate Bill 335*/*House Bill 847* (both passed)** authorize each board of community college trustees to waive the out-of-county or out-of-region fee for a student who is a victim of human trafficking. MHEC must adopt regulations to implement the bills. The regulations must include a requirement that an application for a waiver of the out-of-county or out-of-region fee contain specified evidence that the applicant is a victim of human trafficking. The number of waivers granted under the bills must be reported annually.

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