

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL NO. 1247

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Zirkin” and substitute “Zirkin, Healey, Bartlett, Bohanan, Bozman, Carlson, Conroy, Cryor, Finifter, Howard, Marriott, Patterson, Phillips, Ports, Rosso, and Rzepkowski”.

On page 1, strike in their entirety lines 2 and 3, inclusive, and substitute “Public School Funding Enhancement and Teacher Salary Challenge Act of 2000”;

in lines 5 and 6 and line 7, in each instance, strike “local education agencies” and substitute “county boards of education”; in line 8, strike “Education” and substitute “Schools”; in line 12, after “of” insert “part of”; in the same line, after “Act;” insert “providing that the State Retirement Agency may not seek reimbursement for retirement contributions made after a certain date on the basis of certain sources of payment of the salary of certain members of the Teachers’ Retirement System or Teachers’ Pension System; providing that certain property granted certain tax credits or exemptions for certain purposes may not be treated as taxable personal property for purposes of calculating the payment of certain State aid; updating certain statutory provisions; altering the dates by which certain counties are required to submit certain information to the Department of Assessments and Taxation; requiring certain counties that grant certain tax credits or exemptions for certain personal property to submit certain information to the Department of Assessments and Taxation by certain dates; providing for the application of this Act; establishing a special transitional reimbursement fund for certain education programs; requiring that certain reimbursements for retirement contributions be credited to the fund; providing that expenditures from the fund may be used only for certain purposes; providing that certain fund balances remain in the fund for a certain period; providing for the termination of the fund; expressing the intent of the General Assembly that county boards of education use certain funds for certain purposes; providing for the effective dates of this Act;”; in lines 12 and 13, strike “education grants to local education agencies” and substitute “State aid for public education in the State”; in line 16, after “5-213” insert “and 5-214”; and after line 18, insert:

(Over)

“BY repealing and reenacting, with amendments,

Article - Education

Section 5-203, 16-306, and 23-504

Annotated Code of Maryland

(1999 Replacement Volume)

BY repealing and reenacting, with amendments,

Article - Tax - Property

Section 7-225, 9-201, 9-205, and 9-302(i)

Annotated Code of Maryland

(1994 Replacement Volume and 1999 Supplement)” .

AMENDMENT NO. 2

On page 2, strike beginning with “AN” in line 1 down through “SCHEDULES” in line 2 and substitute “THE MAXIMUM PERCENTAGE INCREASE IN SALARIES THAT ENCOMPASSES ALL EMPLOYEES, AMONG ALL GRADES AND STEPS, EMPLOYED BY A COUNTY BOARD”; in line 3, strike “ADJUSTMENTS” and substitute “ADJUSTMENT”; in line 4, strike “AND” and substitute “, OR”; in line 14, strike “IN A LOCAL EDUCATION AGENCY” and substitute “EMPLOYED BY A COUNTY BOARD”; in line 24, strike “LOCAL EDUCATION AGENCIES” and substitute “COUNTY BOARDS”; in lines 27 and 36, in each instance, strike “LOCAL EDUCATION AGENCY” and substitute “COUNTY BOARD”; in line 27, strike “MAY” and substitute “SHALL”; in line 30, after “COMPONENT;” insert “AND”; strike in their entirety lines 31 and 32, inclusive, and substitute:

“(III) A TARGETED COMPONENT.”;

and in line 36, strike the period and substitute “; AND”.

On page 3, in lines 2, 3, 15, 17 and 18, 21 and 22, and 30 and 31, in each instance, strike “LOCAL EDUCATION AGENCY” and substitute “COUNTY BOARD”; in line 5, after “(3)” insert “FOR EACH FISCAL YEAR, ”; strike in their entirety lines 7 through 12, inclusive, and substitute:

“(I) MULTIPLY THE PERCENTAGE COMPONENT FOR THE COUNTY BOARD BY 2; AND”;

in line 13, strike "FOR EACH FISCAL YEAR,"; in lines 18 and 22, in each instance, strike "THEN"; strike in their entirety lines 23 through 29, inclusive; in line 30, strike "(6)" and substitute "(5) (D)"; strike beginning with "DISTRESSED" in line 31 down through "IF:" in line 33 and substitute "TARGETED COMPONENT AS PROVIDED IN SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH."; and strike in their entirety lines 34 through 40, inclusive, and substitute:

"(II) FOR FISCAL YEAR 2001 AND FISCAL YEAR 2002, THE GOVERNOR SHALL INCLUDE IN THE STATE BUDGET AT LEAST \$5,300,000 FOR THE TARGETED COMPONENT.

"(III) THE COUNTY BOARD IN EACH COUNTY THAT HAS A WEALTH PER PUPIL THAT IS LESS THAN 75 PERCENT OF THE STATEWIDE WEALTH PER PUPIL SHALL RECEIVE A TARGETED COMPONENT EQUAL TO THE COUNTY BOARD'S PROPORTIONAL SHARE OF THE SUM OF THE FULL-TIME EQUIVALENT ENROLLMENT FOR ALL COUNTIES WITH A WEALTH PER PUPIL THAT IS LESS THAN 75 PERCENT OF THE STATEWIDE WEALTH PER PUPIL."

On page 4, in lines 2, 6 and 7, 19, and 22, in each instance, strike "LOCAL EDUCATION AGENCY" and substitute "COUNTY BOARD"; in line 6, strike "IN" and substitute "FOR"; in lines 8 and 9, strike "LOCAL EDUCATION AGENCY'S" and substitute "COUNTY BOARD'S"; and in lines 35 and 36, strike "THE EFFECTIVE DATE OF THIS ACT" and substitute "JUNE 1, 2000".

AMENDMENT NO. 3

On page 5, after line 3, insert:

"5-214.

(A) (1) THERE IS A SPECIAL TRANSITIONAL REIMBURSEMENT FUND FOR EDUCATION PROGRAMS.

(2) THE FUND CONSISTS OF ALL REIMBURSEMENTS UNDER § 5-203 OF THIS SUBTITLE OR § 16-306 OR § 23-504 OF THIS ARTICLE THAT:

(I) ARE FOR RETIREMENT CONTRIBUTIONS MADE AFTER

(Over)

JUNE 30, 1999 BUT BEFORE JULY 1, 2000; AND

(II) ARE SOUGHT BY THE STATE RETIREMENT AGENCY ON THE BASIS THAT THE SALARY OF AN ELIGIBLE MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR TEACHERS' PENSION SYSTEM IS PAID IN PART OR IN WHOLE FROM:

1. STATE AID, WHETHER GENERAL OR CATEGORICAL IN NATURE; OR

2. FEDERAL FUNDS, WHETHER THE FUNDS ARE PAID DIRECTLY TO A LOCAL SCHOOL SYSTEM, PUBLIC JUNIOR OR COMMUNITY COLLEGE, OR PUBLIC LIBRARY OR ARE PASSED THROUGH FROM A UNIT OF STATE GOVERNMENT.

(3) NOTWITHSTANDING § 5-203(D) OF THIS SUBTITLE AND §§ 16-306(D) AND 23-504(D) OF THIS ARTICLE, ALL REIMBURSEMENTS DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL BE CREDITED TO THE FUND.

(B) (1) THE STATE TREASURER SHALL HOLD THE FUND AND SHALL INVEST THE MONEY IN THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ALL INTEREST ON THE FUND SHALL ACCRUE TO THE GENERAL FUND.

(3) THE STATE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(C) AN EXPENDITURE FROM THE FUND:

(1) MAY BE MADE ONLY PURSUANT TO AN APPROPRIATION APPROVED BY THE GENERAL ASSEMBLY; AND

(2) SHALL BE USED ONLY FOR:

(I) A COMPREHENSIVE PRE-KINDERGARTEN THROUGH GRADE 12 ACADEMIC INTERVENTION PROGRAM CONSISTENT WITH THE RECOMMENDATIONS OF THE STATE BOARD OF EDUCATION;

(II) TARGETED ASSISTANCE TO QUALIFIED COUNTY BOARDS OF EDUCATION BASED ON FISCAL CAPACITY, SCHOOL OR STUDENT PERFORMANCE, OR AS NECESSARY TO MEET EXISTING LEGAL OBLIGATIONS TO AVOID FUTURE LITIGATION; OR

(III) OTHER GRANTS FOR ASSISTANCE FOR PUBLIC EDUCATION AS DETERMINED BY THE GOVERNOR.

(D) ANY FUND BALANCE AT THE END OF FISCAL YEAR 2000 SHALL REMAIN IN THE FUND AND BE AVAILABLE FOR APPROPRIATION IN THE NEXT FISCAL YEAR.

(E) THE FUND SHALL TERMINATE AT THE END OF JUNE 30, 2001 AND ANY FUND BALANCE THAT REMAINS AT THE END OF JUNE 30, 2001 SHALL REVERT TO THE GENERAL FUND.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Education

5-203.

(a) In this section, "Agency" means the State Retirement Agency.

(b) The Agency may at any time examine the records of local school systems to determine whether the State's payments for retirement contributions for employees of the school systems are in accordance with the provisions of Division II of the State Personnel and Pensions Article.

(Over)

(c) (1) (i) If an examination of the records of a local school system shows that the State has paid more than is required under Division II of the State Personnel and Pensions Article, within 30 days after the date of the notice to the school system of the State overpayment, the school system may appeal the notice of State overpayment to the Secretary of Budget and Management who shall appoint a hearing examiner who is an attorney.

(ii) The hearing examiner shall make recommendations to the Secretary of Budget and Management who shall make a determination regarding the amount, if any, of the State overpayment.

(iii) Should a local school system request a transcript of an audit appeals hearing, the local school system shall provide and pay for the production of the transcript.

(2) At the request of the Department of Education the moneys owed shall be deducted from any other State funds that would otherwise be paid to the school system if:

(i) A local school system does not appeal to the Secretary of Budget and Management or to the Office of Administrative Hearings; or

(ii) The Office of Administrative Hearings determines that the State is due reimbursement for excess payments as provided in paragraph (3) of this subsection.

(3) (i) The local school system may appeal to the Office of Administrative Hearings a determination by the Secretary of the Department of Budget and Management regarding the amount, if any, of the State overpayment.

(ii) Within 45 days after the close of the hearing record, the Office of Administrative Hearings shall issue a written decision to the parties and may grant any appropriate remedy.

(iii) The written decision issued by the Office of Administrative Hearings is the final finding of fact and conclusion of law and binding on all parties and is not subject to judicial review.

(d) Any reimbursements which result from audits under this section:

(1) Shall be applied first to reimburse the Agency for the expenses of the audits;
and

(2) After reimbursement to the Agency under item (1) of this subsection, shall be credited to the General Fund.

(E) THE AGENCY MAY NOT SEEK REIMBURSEMENT FOR RETIREMENT CONTRIBUTIONS MADE AFTER JUNE 30, 2000, ON THE BASIS THAT THE SALARY OF AN ELIGIBLE MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR TEACHERS' PENSION SYSTEM IS PAID IN PART OR IN WHOLE FROM:

(1) STATE AID, WHETHER GENERAL OR CATEGORICAL IN NATURE;
OR

(2) FEDERAL FUNDS, WHETHER PAID DIRECTLY TO A LOCAL SCHOOL SYSTEM OR PASSED THROUGH A UNIT OF STATE GOVERNMENT.

16-306.

(a) In this section, "Agency" means the State Retirement Agency.

(b) The Agency may at any time examine the records of public junior or community colleges to determine whether the State's payments for retirement contributions for employees of the public junior or community colleges are in accordance with the provisions of Division II of the State Personnel and Pensions Article.

(c) (1) (i) If an examination of the records of a public junior or community college shows that the State has paid more than is required under Division II of the State Personnel and Pensions Article, within 30 days after the date of the notice to the junior or community college of the State overpayment, the junior or community college may appeal the notice of State overpayment to the Secretary of Budget and Management who shall appoint a hearing examiner.

(Over)

(ii) The hearing examiner shall make recommendations to the Secretary of Budget and Management who shall make a final determination regarding the amount, if any, of the State overpayment.

(2) If a public junior or community college does not appeal to the Secretary of Budget and Management or if the Secretary of Budget and Management determines that the State is due reimbursement for excess payments, as provided in paragraph (1) of this subsection, at the request of the Agency the moneys owed shall be deducted from any other State funds that would otherwise be paid to the public junior or community college.

(3) For purposes of the Administrative Procedure Act, an appeal taken under this section is not a contested case.

(d) Any reimbursements which result from audits under this section:

(1) Shall be applied first to reimburse the Agency for the expenses of the audits;
and

(2) After reimbursement to the Agency under item (1) of this subsection, shall be credited to the General Fund.

(E) THE AGENCY MAY NOT SEEK REIMBURSEMENT FOR RETIREMENT CONTRIBUTIONS MADE AFTER JUNE 30, 2000, ON THE BASIS THAT THE SALARY OF AN ELIGIBLE MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR TEACHERS' PENSION SYSTEM IS PAID IN PART OR IN WHOLE FROM:

(1) STATE AID, WHETHER GENERAL OR CATEGORICAL IN NATURE;
OR

(2) FEDERAL FUNDS, WHETHER PAID DIRECTLY TO A PUBLIC JUNIOR OR COMMUNITY COLLEGE OR PASSED THROUGH A UNIT OF STATE GOVERNMENT.

(a) In this section, "Agency" means the State Retirement Agency.

(b) The Agency may at any time examine the records of public libraries to determine whether the State's payments for retirement contributions for employees of the public libraries are in accordance with the provisions of Division II of the State Personnel and Pensions Article.

(c) (1) (i) If an examination of the records of a public library shows that the State has paid more than is required under Division II of the State Personnel and Pensions Article, within 30 days after the date of the notice to the library of the State overpayment, the public library may appeal the notice of State overpayment to the Secretary of Budget and Management who shall appoint a hearing examiner.

(ii) The hearing examiner shall make recommendations to the Secretary of Budget and Management who shall make a final determination regarding the amount, if any, of the State overpayment.

(2) If a public library does not appeal to the Secretary of Budget and Management or if the Secretary of Budget and Management determines that the State is due reimbursement for excess payments as provided in paragraph (1) of this subsection, at the request of the Department of Education the moneys owed shall be deducted from any other State funds that would otherwise be paid to the public library.

(3) For purposes of the Administrative Procedure Act, an appeal taken under this section is not a contested case.

(d) Any reimbursements which result from audits under this section:

(1) Shall be applied first to reimburse the Agency for the expenses of the audits;
and

(2) After reimbursement to the Agency under item (1) of this subsection, shall be credited to the General Fund.

(Over)

(E) THE AGENCY MAY NOT SEEK REIMBURSEMENT FOR RETIREMENT CONTRIBUTIONS MADE AFTER JUNE 30, 2000, ON THE BASIS THAT THE SALARY OF AN ELIGIBLE MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR TEACHERS' PENSION SYSTEM IS PAID IN PART OR IN WHOLE FROM:

(1) STATE AID, WHETHER GENERAL OR CATEGORICAL IN NATURE;

OR

(2) FEDERAL FUNDS, WHETHER PAID DIRECTLY TO A PUBLIC LIBRARY OR PASSED THROUGH A UNIT OF STATE GOVERNMENT.

Article - Tax - Property

7-225.

(a) Except as provided in § 7-109 of this title and in subsection (b) of this section, if used in manufacturing, the following personal property, however operated and whether or not in use, is not subject to property tax:

(1) tools;

(2) implements;

(3) machinery; or

(4) manufacturing apparatus or engines.

(b) Except as provided by § 7-108 of this title, the personal property listed in subsection (a) of this section is subject to a county property tax on:

(1) 100% of its assessment in [Allegany County,] Garrett County, Somerset County, Wicomico County, and Worcester County; and

(2) [60%] 75% of its assessment in [Dorchester] ALLEGANY County.

(c) Property does not qualify for the exemption under this section if the property is used primarily in administration, management, sales, storage, shipping, receiving, or any other nonmanufacturing activity.

(d) In order to qualify for the exemption under this section, a person claiming the exemption must apply for and be granted the exemption by the Department.

9-201.

(a) In this section, "property tax credit" means a property tax credit OR EXEMPTION that is granted under § 9-205 or § 9-209 of this subtitle or Subtitle 3 of this title.

(b) Annually on or before [December] OCTOBER 31, the Mayor and City Council of Baltimore City or each governing body that grants a property tax credit shall submit to the Department on the form that the Department provides THE FOLLOWING INFORMATION FOR THE CURRENT TAXABLE YEAR:

(1) the total value of all property tax credits granted;

(2) an itemized list of all of the property tax credits granted for real property; and

(3) an itemized list of the property tax credits granted for personal property.

(c) The Mayor and City Council of Baltimore City or each governing body that grants a property tax credit shall:

(1) in the same manner as the assessment roll, make available for public inspection bound copies of the form required by subsection (b) of this section; and

(2) identify clearly on the tax roll the properties that are granted a property tax credit under this section.

(Over)

9-205.

(a) The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may grant, by law, a property tax credit under this section against the county or municipal corporation property tax imposed on part or all of the property of any manufacturing, fabricating, or assembling facility that:

- (1) locates in the county or municipal corporation;
- (2) expands in the county or municipal corporation; or
- (3) develops a new product or industrial process.

(b) A property tax credit under this section may be granted on up to 100% of the county or municipal corporation property tax against the property described in subsection (a) of this section.

(c) A property tax credit granted under this section may be granted for the period of years from the date of completion of a new facility or expansion of a facility that the Mayor and City Council of Baltimore City or the appropriate governing body determines.

(d) The Mayor and City Council of Baltimore City or the appropriate governing body may:

- (1) adopt regulations necessary to carry out this section; and
- (2) provide any other restriction or condition considered desirable.

(e) The Mayor and City Council of Baltimore City or each governing body shall designate the administrative unit or official to administer the property tax credit granted under this section.

(f) When a tax bill is sent to a taxpayer who may be eligible for a property tax credit under this section, the Mayor and City Council of Baltimore City or the appropriate governing body

shall give notice of the property tax credit under this section to the taxpayer.

(g) (1) A taxpayer must apply to receive a tax credit under this section.

(2) Except in Frederick County, if a taxpayer fails to apply for a property tax credit under this section on or before October 1 of each taxable year, the property tax credit may not be granted.

(3) In Frederick County, a taxpayer may apply for a property tax credit under this section on or before October 1 of the taxable year, and the property tax credit received shall continue from year to year until the property is conveyed.

(4) A taxpayer shall state under oath that the facts in the application are true.

(h) Each governing body that grants a property tax credit under this section shall submit to the Department a copy of the law granting the credit.

(I) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, TO THE EXTENT THAT A COUNTY GRANTS A TAX CREDIT UNDER THIS SECTION FOR MANUFACTURING PERSONAL PROPERTY DESCRIBED IN § 7-225 OF THIS ARTICLE, THE PERSONAL PROPERTY MAY NOT BE TREATED AS TAXABLE PERSONAL PROPERTY FOR THE PURPOSE OF COMPUTING ANY PAYMENTS OF STATE AID TO EDUCATION UNDER § 5-202 OF THE EDUCATION ARTICLE OR OTHER PAYMENTS OF STATE AID TO COUNTIES OR MUNICIPAL CORPORATIONS THAT BY LAW ARE BASED ON THE ASSESSMENT OF PROPERTY.

(2) PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY TO PROPERTY UNLESS THE COUNTY THAT GRANTS A TAX CREDIT UNDER THIS SECTION FOR THE PROPERTY SUBMITS TO THE DEPARTMENT, ON OR BEFORE OCTOBER 31 OF THE TAXABLE YEAR FOR WHICH THE CREDIT IS GRANTED:

(I) THE INFORMATION REQUIRED UNDER § 9-201(B) OF THIS SUBTITLE REGARDING THE TAX CREDIT; AND

(Over)

(II) AN ITEMIZED LIST OF THE PROPERTY TAX CREDITS GRANTED FOR MANUFACTURING PERSONAL PROPERTY DESCRIBED IN § 7-225 OF THIS ARTICLE.

9-302.

(i) (1) The governing body of Allegany County may grant a county property tax credit or exemption for machinery and equipment used in manufacturing, assembling, processing, or refining products for sale or in the generation of electricity and may define, fix, or limit the amount, terms, scope, and duration of any credit or exemption provided for or affirmed under this subsection.

(2) TO THE EXTENT THAT A TAX CREDIT OR EXEMPTION IS GRANTED FOR PERSONAL PROPERTY UNDER THIS SUBSECTION, THE PERSONAL PROPERTY MAY NOT BE TREATED AS TAXABLE PERSONAL PROPERTY FOR THE PURPOSE OF COMPUTING ANY PAYMENTS OF STATE AID TO EDUCATION UNDER § 5-202 OF THE EDUCATION ARTICLE OR OTHER PAYMENTS OF STATE AID TO COUNTIES OR MUNICIPAL CORPORATIONS THAT BY LAW ARE BASED ON THE ASSESSMENT OF PROPERTY.

(3) PARAGRAPH (2) OF THIS SUBSECTION DOES NOT APPLY TO PROPERTY UNLESS ALLEGANY COUNTY SUBMITS TO THE DEPARTMENT, ON OR BEFORE OCTOBER 31 OF THE TAXABLE YEAR FOR WHICH THE TAX CREDIT FOR THE PROPERTY IS GRANTED, THE INFORMATION REQUIRED UNDER § 9-201(B) OF THIS TITLE REGARDING THE TAX CREDIT OR EXEMPTION.

SECTION 3. AND BE IT FURTHER ENACTED, That, on or before June 1, 2000, each county that for the taxable year ending June 30, 2000, has granted a tax credit under § 9-205 of the Tax - Property Article for manufacturing personal property described in § 7-225 of the Tax - Property Article or has granted a tax credit or exemption for personal property under § 9-302(i) of the Tax - Property Article shall submit to the Department of Assessments and Taxation the information for the current taxable year required under § 9-201(b) of the Tax - Property Article regarding the tax credit or exemption and an itemized list of any property tax credits granted under § 9-205 of the Tax - Property Article for manufacturing personal property described in § 7-225 of the

Tax - Property Article. For the fiscal year that begins July 1, 2000, the provisions of §§ 9-205(i) and 9-302(i)(2) of the Tax - Property Article do not apply to any property unless the county that grants a tax credit or exemption for that property submits the information required under this section to the Department of Assessments and Taxation on or before June 1, 2000.

SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that any additional funding made available to county boards of education in fiscal year 2001 and fiscal year 2002 as a result of this Act, including the reimbursements for retirement contributions that would have been required to be transferred to the State Retirement Agency but for Section 2 of this Act, shall be used to assist the county boards in meeting pressing public education needs in the counties, including:

(a) employee salary enhancements;

(b) student intervention, enrichment, and remediation programs, including summer school and extended day programs;

(c) early childhood education initiatives;

(d) alternative learning programs;

(e) student transportation;

(f) technology initiatives; and

(g) student equipment and supplies.”.

AMENDMENT NO. 4.

On page 5, in line 4, strike “2.” and substitute “5.”; in the same line, after “That” insert “Section 1 of”; and in line 6, after “Assembly,” insert “Section 1 of”.

On page 5, after line 7, insert:

“SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take

(Over)

effect June 1, 2000.

SECTION 7. AND BE IT FURTHER ENACTED, That, subject to Sections 5 and 6 of this Act, this Act shall take effect July 1, 2000.”.