
By: **The Speaker (Administration) and Delegates Taylor, Hixson, Rawlings, R. Baker, W. Baker, Barkley, Benson, Bobo, Boutin, Branch, Bronrott, Brown, Cane, Cole, Conway, C. Davis, Donoghue, Doory, Edwards, Franchot, Glassman, Grosfeld, Hecht, Heller, Hubbard, Hubers, James, A. Jones, V. Jones, K. Kelly, Malone, McHale, McIntosh, McKee, Menes, Moe, Montague, Owings, Proctor, Riley, Rudolph, Shriver, Turner, and ~~Zirkin~~ Zirkin, Healey, Bartlett, Bohanan, Bozman, Carlson, Conroy, Cryor, Finifter, Howard, Marriott, Patterson, Phillips, Ports, Rosso, and Rzepkowski**

Introduced and read first time: February 11, 2000
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted with floor amendments
Read second time: March 24, 2000

CHAPTER _____

1 AN ACT concerning

2 **~~Governor's Teacher Salary Challenge Program - Public School Teacher~~**
3 **~~Salary Enhancement~~**
4 **Public School Funding Enhancement and Teacher Salary Challenge Act of**
5 **2000**

6 FOR the purpose of establishing the Governor's Teacher Salary Challenge Program;
7 requiring the State Board of Education to make certain grants to ~~local education~~
8 ~~agencies~~ county boards of education; specifying certain formulas for calculating
9 certain grants; requiring ~~local education agencies~~ county boards of education to
10 submit certain applications to the Department of Budget and Management and
11 the State Superintendent of ~~Education~~ Schools by a certain date; requiring the
12 Governor to include certain funding in the budget; establishing certain
13 requirements and procedures for the operation of the Governor's Teacher Salary
14 Challenge Program; defining certain terms; providing for the termination of
15 ~~part of this Act; providing that the State Retirement Agency may not seek~~
16 ~~reimbursement for retirement contributions made after a certain date on the~~
17 ~~basis of certain sources of payment of the salary of certain members of the~~
18 ~~Teachers' Retirement System or Teachers' Pension System; providing that~~
19 ~~certain property granted certain tax credits or exemptions for certain purposes~~
20 ~~may not be treated as taxable personal property for purposes of calculating the~~

1 payment of certain State aid; updating certain statutory provisions; altering the
 2 dates by which certain counties are required to submit certain information to
 3 the Department of Assessments and Taxation; requiring certain counties that
 4 grant certain tax credits or exemptions for certain personal property to submit
 5 certain information to the Department of Assessments and Taxation by certain
 6 dates; providing for the application of this Act; establishing a special
 7 transitional reimbursement fund for certain education programs; requiring that
 8 certain reimbursements for retirement contributions be credited to the fund;
 9 providing that expenditures from the fund may be used only for certain
 10 purposes; providing that certain fund balances remain in the fund for a certain
 11 period; providing for the termination of the fund; establishing a special
 12 retirement contribution reimbursement fund for certain grants to county boards
 13 of education; requiring that certain reimbursements for retirement
 14 contributions be credited to the fund; providing that the fund shall be used only
 15 to make certain grants to county boards of education; providing that certain
 16 fund balances remain in the fund for a certain period; providing for the
 17 termination of the fund; expressing the intent of the General Assembly that
 18 county boards of education use certain funds for certain purposes; providing for
 19 the effective dates of this Act; and generally relating to ~~education grants to local~~
 20 education agencies State aid for public education in the State.

21 BY adding to

22 Article - Education
 23 Section 5-213 and 5-214
 24 Annotated Code of Maryland
 25 (1999 Replacement Volume)

26 BY repealing and reenacting, with amendments,

27 Article - Education
 28 Section 5-203, ~~16-306,~~ and ~~23-504~~
 29 Annotated Code of Maryland
 30 (1999 Replacement Volume)

31 BY repealing and reenacting, with amendments,

32 Article - Tax - Property
 33 Section 7-225, 9-201, 9-205, and 9-302(i)
 34 Annotated Code of Maryland
 35 (1994 Replacement Volume and 1999 Supplement)

36 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 37 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Education

2 5-213.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

5 (2) (I) "COST OF LIVING ADJUSTMENT" MEANS ~~AN INCREASE IN~~
6 ~~SALARY SCHEDULES~~ THE MAXIMUM PERCENTAGE INCREASE IN SALARIES THAT
7 ENCOMPASSES ALL EMPLOYEES, AMONG ALL GRADES AND STEPS, EMPLOYED BY A
8 COUNTY BOARD.

9 (II) "COST OF LIVING ~~ADJUSTMENTS~~ ADJUSTMENT" DOES NOT
10 INCLUDE INCREASES FOR PROMOTIONS, INCREMENTS, STEP INCREASES ~~AND, OR~~
11 SIMILAR SALARY INCREASES RECEIVED BY EMPLOYEES AS A REGULAR PART OF THE
12 OPERATION OF A PERSONNEL SYSTEM.

13 (3) "FULL-TIME EQUIVALENT ENROLLMENT" HAS THE MEANING
14 INDICATED IN § 5-202 OF THIS SUBTITLE.

15 (4) "STATE SHARE" MEANS THE STATE SHARE OF BASIC CURRENT
16 EXPENSES PROVIDED UNDER § 5-202 OF THIS SUBTITLE DIVIDED BY THE AMOUNT OF
17 THE BASIC CURRENT EXPENSES TO BE SHARED FOR THAT COUNTY.

18 (5) "TEACHER SALARY BASE" MEANS THE TOTAL SALARIES AND WAGES
19 OF CERTIFICATED PROFESSIONAL PUBLIC SCHOOL EMPLOYEES, EXCLUDING
20 ADMINISTRATORS, ~~IN A LOCAL EDUCATION AGENCY~~ EMPLOYED BY A COUNTY BOARD
21 FOR THE FISCAL YEAR PRECEDING THE FISCAL YEAR FOR WHICH THE GOVERNOR'S
22 CHALLENGE GRANT IS CALCULATED, AS DETERMINED BY THE DEPARTMENT OF
23 BUDGET AND MANAGEMENT AND THE STATE SUPERINTENDENT.

24 (6) "WEALTH" HAS THE MEANING INDICATED IN § 5-202 OF THIS
25 SUBTITLE.

26 (7) "WEALTH PER PUPIL" MEANS WEALTH DIVIDED BY FULL-TIME
27 EQUIVALENT ENROLLMENT.

28 (B) THERE IS A GOVERNOR'S TEACHER SALARY CHALLENGE PROGRAM.

29 (C) THE GOVERNOR'S TEACHER SALARY CHALLENGE PROGRAM SHALL
30 PROVIDE GRANTS TO ~~LOCAL EDUCATION AGENCIES~~ COUNTY BOARDS FOR THE
31 PURPOSE OF INCREASING TEACHER SALARIES IN ORDER TO IMPROVE RECRUITMENT
32 AND RETENTION OF WELL QUALIFIED TEACHERS.

33 (D) (1) EACH GRANT MADE TO A ~~LOCAL EDUCATION AGENCY~~ COUNTY
34 BOARD ~~MAY SHALL~~ BE CALCULATED BASED ON:

35 (I) A PERCENTAGE COMPONENT;

36 (II) A WEALTH-ADJUSTED COMPONENT; AND

1 ~~(III) A HOLD HARMLESS COMPONENT; AND~~

2 ~~(IV) A DISTRESSED JURISDICTION COMPONENT.~~

3 ~~(III) A TARGETED COMPONENT.~~

4 (2) THE PERCENTAGE COMPONENT SHALL BE CALCULATED AS
5 FOLLOWS:

6 (I) FOR FISCAL YEAR 2001, MULTIPLY THE TEACHER SALARY BASE
7 FOR THE ~~LOCAL EDUCATION AGENCY~~ COUNTY BOARD BY 0.01; ~~AND~~

8 (II) FOR FISCAL YEAR 2002, MULTIPLY THE TEACHER SALARY BASE
9 FOR THE ~~LOCAL EDUCATION AGENCY~~ COUNTY BOARD BY 0.01 AND ADD AN AMOUNT
10 EQUAL TO THE PERCENTAGE COMPONENT GRANTED TO THE ~~LOCAL EDUCATION~~
11 ~~AGENCY~~ COUNTY BOARD IN FISCAL YEAR 2001.

12 (3) FOR EACH FISCAL YEAR, THE WEALTH-ADJUSTED COMPONENT
13 SHALL BE CALCULATED AS FOLLOWS:

14 ~~(4) 1. FOR FISCAL YEAR 2001, MULTIPLY THE TEACHER SALARY~~
15 ~~BASE FOR THE LOCAL EDUCATION AGENCY BY 0.02.~~

16 ~~2. FOR FISCAL YEAR 2002, MULTIPLY THE TEACHER SALARY~~
17 ~~BASE FOR THE LOCAL EDUCATION AGENCY BY 0.02 AND ADD AN AMOUNT EQUAL TO~~
18 ~~THE WEALTH-ADJUSTED COMPONENT GRANTED TO THE LOCAL EDUCATION~~
19 ~~AGENCY IN FISCAL YEAR 2001.~~

20 (I) MULTIPLY THE PERCENTAGE COMPONENT FOR THE COUNTY
21 BOARD BY 2; AND

22 (II) ~~FOR EACH FISCAL YEAR, MULTIPLY THE PRODUCT~~
23 ~~CALCULATED IN ITEM (I) OF THIS PARAGRAPH FOR THAT FISCAL YEAR BY THE STATE~~
24 ~~SHARE FOR THE LOCAL EDUCATION AGENCY~~ COUNTY BOARD.

25 (4) (I) IF THE PRODUCT CALCULATED IN PARAGRAPH (3) OF THIS
26 SUBSECTION IS GREATER THAN THE PERCENTAGE COMPONENT FOR THE ~~LOCAL~~
27 ~~EDUCATION AGENCY~~ COUNTY BOARD, ~~THEN~~ THE WEALTH-ADJUSTED COMPONENT
28 SHALL BE THE AMOUNT OF THE DIFFERENCE.

29 (II) IF THE PRODUCT CALCULATED IN PARAGRAPH (3) OF THIS
30 SUBSECTION IS LESS THAN THE PERCENTAGE COMPONENT FOR THE ~~LOCAL~~
31 ~~EDUCATION AGENCY~~ COUNTY BOARD, ~~THEN~~ THE WEALTH-ADJUSTED COMPONENT
32 SHALL BE ZERO.

33 ~~(5) THE GOVERNOR'S TEACHER SALARY CHALLENGE GRANT TO A LOCAL~~
34 ~~EDUCATION AGENCY SHALL INCLUDE A HOLD HARMLESS COMPONENT EQUAL TO~~
35 ~~THE AMOUNT, IF ANY, BY WHICH THE LOCAL EDUCATION AGENCY'S STATE SHARE OF~~
36 ~~BASIC CURRENT EXPENSE CALCULATED UNDER § 5-202 OF THIS SUBTITLE FOR THE~~
37 ~~YEAR OF THE GOVERNOR'S TEACHER SALARY CHALLENGE GRANT IS LESS THAN THE~~

1 LOCAL EDUCATION AGENCY'S STATE SHARE OF BASIC CURRENT EXPENSE
2 CALCULATED UNDER § 5-202 OF THIS SUBTITLE FOR THE PREVIOUS YEAR.

3 (6) (5) (I) THE GOVERNOR'S TEACHER SALARY CHALLENGE GRANT
4 TO A LOCAL EDUCATION AGENCY COUNTY BOARD SHALL CONTAIN A DISTRESSED
5 JURISDICTION COMPONENT EQUAL TO \$25 TIMES THE LOCAL EDUCATION AGENCY'S
6 FULL-TIME EQUIVALENT ENROLLMENT IF: TARGETED COMPONENT AS PROVIDED IN
7 SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH.

8 (4) THE LOCAL EDUCATION AGENCY'S FULL-TIME EQUIVALENT
9 ENROLLMENT FOR THE YEAR OF THE GOVERNOR'S TEACHER SALARY CHALLENGE
10 GRANT IS LESS THAN ITS FULL-TIME EQUIVALENT ENROLLMENT FOR THE PREVIOUS
11 YEAR; AND

12 (II) THE LOCAL EDUCATION AGENCY'S WEALTH PER PUPIL FOR
13 THE YEAR OF THE GOVERNOR'S TEACHER SALARY CHALLENGE GRANT IS LESS THAN
14 THE WEALTH PER PUPIL FOR THE STATE AS A WHOLE.

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

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

24 (E) (1) ON OR BEFORE JUNE 1, 2000, AND ON OR BEFORE JUNE 1, 2001, EACH
25 LOCAL EDUCATION AGENCY COUNTY BOARD SHALL SUBMIT A GOVERNOR'S
26 TEACHER SALARY CHALLENGE GRANT APPLICATION TO THE DEPARTMENT OF
27 BUDGET AND MANAGEMENT AND THE STATE SUPERINTENDENT.

28 (2) THE APPLICATION SHALL INCLUDE:

29 (I) THE ESTIMATED TEACHER SALARY BASE ~~IN~~ FOR THE LOCAL
30 EDUCATION AGENCY COUNTY BOARD FOR THE CURRENT FISCAL YEAR;

31 (II) THE NEGOTIATED INCREASE IN THE LOCAL EDUCATION
32 AGENCY'S COUNTY BOARD'S TEACHER SALARY SCHEDULE FOR THE NEXT FISCAL
33 YEAR, TO BE FUNDED FROM SOURCES OTHER THAN THE PERCENTAGE COMPONENT
34 OF THE GOVERNOR'S TEACHER SALARY CHALLENGE GRANT, EXPRESSED IN TOTAL
35 DOLLARS AND AS A PERCENTAGE; AND

36 (III) ANY OTHER INFORMATION NECESSARY TO DETERMINE
37 ELIGIBILITY FOR THE GOVERNOR'S TEACHER SALARY CHALLENGE GRANT.

1 (3) THE APPLICATION SHALL BE IN A FORM AND FORMAT SPECIFIED BY
2 THE DEPARTMENT OF BUDGET AND MANAGEMENT AND THE STATE
3 SUPERINTENDENT.

4 (F) (1) A GOVERNOR'S TEACHER SALARY CHALLENGE GRANT SHALL BE
5 AWARDED TO EACH ~~LOCAL EDUCATION AGENCY~~ COUNTY BOARD THAT SUBMITS AN
6 APPLICATION AND THAT MEETS THE REQUIREMENTS OF THIS SECTION, AS
7 DETERMINED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT AND THE STATE
8 SUPERINTENDENT.

9 (2) EACH ~~LOCAL EDUCATION AGENCY~~ COUNTY BOARD THAT PROVIDES
10 A NEGOTIATED COST OF LIVING ADJUSTMENT FOR TEACHERS EQUIVALENT TO AT
11 LEAST 4%, IN ADDITION TO ANY PREVIOUSLY NEGOTIATED STEP INCREASES AND
12 STIPENDS, FROM SOURCES OTHER THAN THE PERCENTAGE COMPONENT OF THE
13 GOVERNOR'S TEACHER SALARY CHALLENGE GRANT, SHALL QUALIFY FOR THE
14 PERCENTAGE COMPONENT AND THE WEALTH-ADJUSTED COMPONENT OF THE
15 GOVERNOR'S CHALLENGE GRANT.

16 (3) THE PERCENTAGE COMPONENT OF THE GOVERNOR'S TEACHER
17 SALARY CHALLENGE GRANT:

18 (I) SHALL BE USED TO PROVIDE AN ADDITIONAL 1% COST OF
19 LIVING ADJUSTMENT FOR TEACHERS; AND

20 (II) MAY NOT BE USED TO SUPPLANT OTHER STATE OR LOCAL
21 FUNDS FOR THE COST OF SALARY INCREASES PAID PURSUANT TO A NEGOTIATED
22 AGREEMENT OR OTHER CONTRACTUAL OBLIGATION EXISTING PRIOR TO ~~THE~~
23 ~~EFFECTIVE DATE OF THIS ACT~~ JUNE 1, 2000.

24 (G) THE GOVERNOR SHALL INCLUDE FUNDS IN THE STATE BUDGET TO
25 ACCOMPLISH THE PURPOSES OF THIS SECTION.

26 (H) THE DEPARTMENT OF BUDGET AND MANAGEMENT AND THE STATE
27 SUPERINTENDENT MAY ESTABLISH GUIDELINES OR REGULATIONS TO IMPLEMENT
28 THE GOVERNOR'S TEACHER SALARY CHALLENGE PROGRAM.

29 5-214.

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

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

34 (I) ARE FOR RETIREMENT CONTRIBUTIONS MADE AFTER JUNE 30,
35 1999 BUT BEFORE JULY 1, 2000; AND

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

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

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

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

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

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

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

16 (C) AN EXPENDITURE FROM THE FUND:

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

19 (2) SHALL BE USED ONLY FOR:

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

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

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

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

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

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

Article - Education

1
2 5-203.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (E) (1) THERE IS A SPECIAL RETIREMENT CONTRIBUTION REIMBURSEMENT
13 FUND FOR SUPPLEMENTAL GRANTS TO COUNTY BOARDS.

14 (2) THE FUND CONSISTS OF ALL REIMBURSEMENTS RECEIVED BY THE
15 AGENCY THAT:

16 (I) ARE FOR RETIREMENT CONTRIBUTIONS MADE AFTER JUNE 30,
17 2000 BUT BEFORE JULY 1, 2002; AND

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

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

23 2. FEDERAL FUNDS, WHETHER THE FUNDS ARE PAID
24 DIRECTLY TO A LOCAL SCHOOL SYSTEM OR ARE PASSED THROUGH FROM A UNIT OF
25 STATE GOVERNMENT.

26 (3) NOTWITHSTANDING SUBSECTION (D) OF THIS SECTION, ALL
27 REIMBURSEMENTS DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL BE
28 CREDITED TO THE FUND.

29 (4) (I) THE STATE TREASURER SHALL HOLD THE FUND AND SHALL
30 INVEST THE MONEY IN THE FUND IN THE SAME MANNER AS OTHER STATE MONEY
31 MAY BE INVESTED.

32 (II) ALL INTEREST ON THE FUND SHALL ACCRUE TO THE GENERAL
33 FUND.

34 (III) THE STATE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

1 (5) AN EXPENDITURE FROM THE FUND MAY BE MADE ONLY PURSUANT
2 TO AN APPROPRIATION APPROVED BY THE GENERAL ASSEMBLY OR BUDGET
3 AMENDMENT.

4 (6) (I) THE FUND SHALL BE USED ONLY TO MAKE GRANTS TO COUNTY
5 BOARDS AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH.

6 (II) FOR EACH OF FISCAL YEARS 2001 AND 2002, A GRANT SHALL BE
7 MADE TO EACH COUNTY BOARD IN AN AMOUNT EQUAL TO THE AMOUNT OF THE
8 REIMBURSEMENTS DESCRIBED UNDER PARAGRAPH (2) OF THIS SUBSECTION THAT
9 ARE MADE BY THE COUNTY BOARD FOR THE FISCAL YEAR.

10 (III) THE GRANTS TO THE COUNTY BOARDS UNDER THIS
11 SUBSECTION MAY BE USED FOR ANY EDUCATIONAL PURPOSES.

12 (7) EXCEPT AS PROVIDED IN PARAGRAPH (8) OF THIS SUBSECTION, ANY
13 FUND BALANCE AT THE END OF EACH FISCAL YEAR SHALL REMAIN IN THE FUND
14 AND MAY NOT REVERT TO THE GENERAL FUND.

15 (8) THE FUND SHALL TERMINATE AT THE END OF DECEMBER 31, 2002
16 AND ANY FUND BALANCE THAT REMAINS AT THE END OF DECEMBER 31, 2002 SHALL
17 REVERT TO THE GENERAL FUND.

18 ~~16 306.~~

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

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

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

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

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

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

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

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

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

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

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

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

15 ~~23-504.~~

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

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

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

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

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

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

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

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

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

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

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

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

13 **Article - Tax - Property**

14 7-225.

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

18 (1) tools;

19 (2) implements;

20 (3) machinery; or

21 (4) manufacturing apparatus or engines.

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

24 (1) 100% of its assessment in [Allegany County,] Garrett County,
25 Somerset County, Wicomico County, and Worcester County; and

26 (2) [60%] 75% of its assessment in [Dorchester] ALLEGANY County.

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

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

1 9-201.

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

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

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

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

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

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

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

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

20 9-205.

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

25 (1) locates in the county or municipal corporation;

26 (2) expands in the county or municipal corporation; or

27 (3) develops a new product or industrial process.

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

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

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

3 (1) adopt regulations necessary to carry out this section; and

4 (2) provide any other restriction or condition considered desirable.

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

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

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

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

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

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

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

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

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

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

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

4 9-302.

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

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

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

22 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before June 1,
 23 2000, each county that for the taxable year ending June 30, 2000, has granted a tax
 24 credit under § 9-205 of the Tax - Property Article for manufacturing personal
 25 property described in § 7-225 of the Tax - Property Article or has granted a tax credit
 26 or exemption for personal property under § 9-302(i) of the Tax - Property Article shall
 27 submit to the Department of Assessments and Taxation the information for the
 28 current taxable year required under § 9-201(b) of the Tax - Property Article
 29 regarding the tax credit or exemption and an itemized list of any property tax credits
 30 granted under § 9-205 of the Tax - Property Article for manufacturing personal
 31 property described in § 7-225 of the Tax - Property Article. For the fiscal year that
 32 begins July 1, 2000, the provisions of §§ 9-205(i) and 9-302(i)(2) of the Tax - Property
 33 Article do not apply to any property unless the county that grants a tax credit or
 34 exemption for that property submits the information required under this section to
 35 the Department of Assessments and Taxation on or before June 1, 2000.

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

- 1 (a) employee salary enhancements;
- 2 (b) student intervention, enrichment, and remediation programs,
3 including summer school and extended day programs;
- 4 (c) early childhood education initiatives;
- 5 (d) alternative learning programs;
- 6 (e) student transportation;
- 7 (f) technology initiatives; and
- 8 (g) student equipment and supplies.

9 SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That Section 1 of this Act
10 shall take effect June 1, 2000. It shall remain effective for a period of 2 years and 1
11 month and, at the end of June 30, 2002, with no further action required by the
12 General Assembly, Section 1 of this Act shall be abrogated and of no further force and
13 effect.

14 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
15 take effect June 1, 2000.

16 SECTION 7. AND BE IT FURTHER ENACTED, That, subject to Sections 5 and
17 6 of this Act, this Act shall take effect July 1, 2000.