

HOUSE BILL 1

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F1

2001 Regular Session  
1r1331

(PRE-FILED)

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By: **Delegates Taylor, Dewberry, Hurson, Arnick, Busch, Doory, Guns,  
Harrison, Hixson, Howard, Kopp, Menes, Montague, Owings, Rawlings,  
Rosenberg, Vallario, and Wood**

Requested: November 15, 2000

Introduced and read first time: January 10, 2001

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Targeted Education Funding Act of 2001**

3 FOR the purpose of requiring a certain minimum State share of basic current expense  
4 funds for certain qualified economically distressed counties; increasing the  
5 amount of a State grant that is distributed to counties for the transportation of  
6 handicapped students; requiring certain annual State grants to county boards;  
7 providing for the determination of the amount of the distribution to certain  
8 counties based on the statewide and county per pupil yields from the county  
9 income tax for certain taxable years subject to certain limits; limiting the  
10 amount a county board may receive in any fiscal year to a certain amount;  
11 prohibiting a county board from receiving a certain distribution if the county  
12 income tax rate is less than a certain percent for certain taxable years; stating  
13 that it is the intent of the General Assembly that the Governor include certain  
14 appropriations in the State budget for certain fiscal years for certain  
15 educational programs; requiring the Governor to include a certain appropriation  
16 in the State budget for a certain fiscal year for a certain educational program;  
17 providing for the distribution of certain appropriations; providing for the  
18 termination of this Act; and generally relating to education finance.

19 BY repealing and reenacting, without amendments,  
20 Article - Education  
21 Section 5-202(b)(3) and (4)  
22 Annotated Code of Maryland  
23 (1999 Replacement Volume and 2000 Supplement)

24 BY repealing and reenacting, with amendments,  
25 Article - Education  
26 Section 5-202(b)(5) and 5-205(c) and (e)  
27 Annotated Code of Maryland  
28 (1999 Replacement Volume and 2000 Supplement)

1 BY repealing  
2 Article - Education  
3 Section 5-205(d)  
4 Annotated Code of Maryland  
5 (1999 Replacement Volume and 2000 Supplement)

6 BY adding to  
7 Article - Education  
8 Section 5-216  
9 Annotated Code of Maryland  
10 (1999 Replacement Volume and 2000 Supplement)

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

13 **Article - Education**

14 5-202.

15 (b) (3) (i) In this paragraph, "enrollment" means the full-time equivalent  
16 enrollment used in calculating the current expense aid for a county.

17 (ii) To be eligible to receive the State share of basic current  
18 expenses:

19 1. The county governing body shall levy an annual tax  
20 sufficient to provide an amount of revenue for elementary and secondary public  
21 education purposes equal to the product of the wealth of the county and a local  
22 contribution rate determined for each fiscal year; and

23 2. The county governing body shall appropriate local funds to  
24 the school operating budget in an amount no less than the product of the enrollment  
25 for the current fiscal year and the local appropriation on a per pupil basis for the prior  
26 fiscal year.

27 (iii) 1. Except as provided in sub-subparagraph 2 of this  
28 subparagraph, for purposes of this paragraph, the local appropriation on a per pupil  
29 basis for the prior fiscal year for a county is derived by dividing the county's highest  
30 local appropriation to its school operating budget for the prior fiscal year by the  
31 enrollment for the prior fiscal year. For example, the calculation of the current  
32 expense aid for fiscal year 1985 shall be based on the highest local appropriation for  
33 the school operating budget for a county for fiscal year 1984. Program shifts between  
34 a county operating budget and a county school operating budget may not be used to  
35 artificially satisfy the requirements of this paragraph.

36 2. For purposes of this paragraph, for fiscal year 1997 and  
37 each subsequent fiscal year, the calculation of the county's highest local appropriation  
38 to its school operating budget for the prior fiscal year shall exclude:

1                                   A.       A nonrecurring cost that is supplemental to the regular  
2 school operating budget, if the exclusion qualifies under regulations adopted by the  
3 State Board; and

4                                   B.       A cost of a program that has been shifted from the county  
5 school operating budget to the county operating budget.

6                                   3.       The county board must present satisfactory evidence to  
7 the county government that any appropriation under sub-subparagraph 2 A of this  
8 subparagraph is used only for the purpose designated by the county government in its  
9 request for approval.

10                                  4.       Any appropriation that is not excluded under  
11 sub-subparagraph 2 A of this subparagraph as a qualifying nonrecurring cost shall be  
12 included in calculating the county's highest local appropriation to its school operating  
13 budget.

14                                  5.       Qualifying nonrecurring costs, as defined in regulations  
15 adopted by the State Board, shall include but are not limited to:

16                                   A.       Computer laboratories;

17                                   B.       Technology enhancement;

18                                   C.       New instructional program start-up costs; and

19                                   D.       Books other than classroom textbooks.

20                                  (iv)    1.       The provisions of this paragraph do not apply to a county  
21 if the county is granted a temporary waiver or partial waiver from the provisions by  
22 the State Board of Education based on a determination that the county's fiscal  
23 condition significantly impedes the county's ability to fund the maintenance of effort  
24 requirement.

25                                  2.       After a public hearing, the State Board of Education may  
26 grant a waiver under this subparagraph in accordance with its regulations.

27                                  3.       In order to qualify for the waiver under this subparagraph  
28 for a fiscal year, a county shall make a request for a waiver to the State Board of  
29 Education by April 1 of the prior fiscal year.

30                                  4.       The State Board of Education shall inform the county  
31 whether the waiver for a fiscal year is approved or denied in whole or in part by May  
32 15 of the prior fiscal year.

33                                  (4)    The local contribution rate is calculated as follows:

34                                   (i)    Multiply the full-time equivalent enrollment by \$624, and  
35 multiply this product by 0.45.

1 (ii) Multiply the full-time equivalent enrollment by the amount  
2 that the per pupil basic current expense figure exceeds \$624, and multiply this  
3 product by 0.50.

4 (iii) Add the two products arrived at in subparagraphs (i) and (ii) of  
5 this paragraph, and divide the resulting sum by the sum of the wealth of all of the  
6 counties in this State.

7 (iv) The resulting quotient, rounded to 7 decimal places, and  
8 expressed as a percent with 5 decimal places, is the local contribution rate.

9 (5) (i) IN THIS PARAGRAPH, "QUALIFIED DISTRESSED COUNTY" HAS  
10 THE MEANING INDICATED IN ARTICLE 83A, § 5-701 OF THE CODE.

11 (II) Except as provided in [subparagraph (ii)] SUBPARAGRAPHS  
12 (III) AND (IV) of this paragraph, the State share of basic current expenses for each  
13 county is the difference between the county share calculated under paragraph (3) of  
14 this subsection and the basic current expense to be shared, as indicated in paragraph  
15 (2) of this subsection.

16 [(ii)] (III) [If] EXCEPT AS PROVIDED IN SUBPARAGRAPH (IV) OF  
17 THIS PARAGRAPH, IF the State share of basic current expenses, as calculated under  
18 subparagraph [(i)] (II) of this paragraph, is less than the product of \$60 and the  
19 county's full-time equivalent enrollment, the State share of basic current expenses for  
20 the county shall be the product of \$60 and the county's full-time equivalent  
21 enrollment.

22 (IV) IF THE STATE SHARE OF BASIC CURRENT EXPENSES FOR A  
23 QUALIFIED DISTRESSED COUNTY, AS CALCULATED UNDER SUBPARAGRAPH (I) OF  
24 THIS PARAGRAPH, IS LESS THAN THE PRODUCT OF \$500 AND THE COUNTY'S  
25 FULL-TIME EQUIVALENT ENROLLMENT, THE STATE SHARE OF BASIC CURRENT  
26 EXPENSES FOR THE COUNTY SHALL BE THE PRODUCT OF \$500 AND THE COUNTY'S  
27 FULL-TIME EQUIVALENT ENROLLMENT.

28 5-205.

29 (c) For each fiscal year, in addition to the grant provided under subsections (a)  
30 and (b) of this section, a handicapped student transportation grant shall be  
31 distributed to each county board. The amount of the grant to each board shall be  
32 [\$500] \$1,000 times the number of handicapped students requiring special  
33 transportation services who are transported by the county board [in excess of the  
34 number transported during the 1980-1981 school year].

35 [(d) For the purposes of determining the amount of the grant provided under  
36 subsection (c) of this section, the State Board shall develop a procedure and adopt  
37 regulations for determining the number of handicapped students transported in each  
38 jurisdiction in excess of the number transported in the 1980-1981 school year.]

1 [(e)] (D) The State Board shall adopt rules and regulations that provide for  
2 the safe operation of the student transportation system of each county board of  
3 education.

4 5-216.

5 (A) (1) FOR FISCAL YEARS 2002 AND 2003, A COUNTY BOARD SHALL RECEIVE  
6 THE AMOUNT DETERMINED FOR EACH COUNTY UNDER THIS SECTION.

7 (2) THE AMOUNT A COUNTY BOARD SHALL RECEIVE UNDER THIS  
8 SECTION IN ANY FISCAL YEAR SHALL BE BASED ON THE COUNTY INCOME TAX  
9 COLLECTED FROM INDIVIDUALS FOR THE TAXABLE YEAR THAT ENDED IN THE  
10 SECOND PRIOR FISCAL YEAR, FROM RETURNS FILED THROUGH AUGUST 15  
11 IMMEDIATELY PRECEDING THE APPLICABLE FISCAL YEAR, AS DETERMINED BY THE  
12 COMPTROLLER.

13 (B) (1) FOR EACH FISCAL YEAR, THE STATE SUPERINTENDENT SHALL  
14 DETERMINE AS ROUNDED TO THE NEAREST CENT:

15 (I) THE PER PUPIL YIELD OF THE COUNTY INCOME TAX FOR EACH  
16 COUNTY, BASED ON:

17 1. UNLESS A COUNTY INCOME TAX RATE OF OTHER THAN  
18 2.54% WAS IN EFFECT, THE RECEIPTS DESCRIBED IN SUBSECTION (A)(2) OF THIS  
19 SECTION, AS DETERMINED BY THE COMPTROLLER;

20 2. THE FULL-TIME EQUIVALENT ENROLLMENT FOR THE  
21 COUNTY USED IN THE CALCULATION OF STATE AID UNDER § 5-202(B) OF THIS TITLE  
22 FOR THE PRIOR FISCAL YEAR; AND

23 3. IF THE COUNTY INCOME TAX RATE IS OTHER THAN 2.54%  
24 IN THE APPLICABLE TAXABLE YEAR, THE RECEIPTS DESCRIBED IN SUBSECTION (A)(2)  
25 OF THIS SECTION THAT WOULD HAVE BEEN RECEIVED IF A COUNTY INCOME TAX  
26 RATE OF 2.54% HAD BEEN IN EFFECT, AS DETERMINED BY THE COMPTROLLER; AND

27 (II) THE PER PUPIL STATEWIDE YIELD OF THE COUNTY INCOME  
28 TAX, BASED ON:

29 1. THE TOTAL RECEIPTS FOR COUNTY INCOME TAX  
30 DESCRIBED IN SUBSECTION (A)(2) OF THIS SECTION FOR COUNTIES WITH AN INCOME  
31 TAX RATE OF 2.54% IN EFFECT, AS DETERMINED BY THE COMPTROLLER;

32 2. THE TOTAL FULL-TIME EQUIVALENT ENROLLMENT IN  
33 THE STATE USED IN THE CALCULATION OF STATE AID UNDER § 5-202(B) OF THIS  
34 TITLE FOR THE PRIOR FISCAL YEAR; AND

35 3. FOR COUNTIES WITH AN INCOME TAX RATE OF OTHER  
36 THAN 2.54% IN EFFECT, THE TOTAL RECEIPTS FOR COUNTY INCOME TAX DESCRIBED  
37 IN SUBSECTION (A)(2) OF THIS SECTION THAT WOULD HAVE BEEN RECEIVED IF A

1 COUNTY INCOME TAX RATE OF 2.54% HAD BEEN IN EFFECT, AS DETERMINED BY THE  
2 COMPTROLLER.

3 (2) IF THE PER PUPIL YIELD OF THE COUNTY INCOME TAX FOR A  
4 COUNTY DETERMINED UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION IS LESS THAN  
5 72.5% OF THE PER PUPIL STATEWIDE YIELD OF THE COUNTY INCOME TAX  
6 DETERMINED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION, THE STATE  
7 SUPERINTENDENT SHALL DETERMINE THE AMOUNT THAT WOULD INCREASE THE  
8 COUNTY PER PUPIL YIELD TO EQUAL 72.5% OF THE STATEWIDE PER PUPIL YIELD, AS  
9 ROUNDED TO THE NEAREST DOLLAR.

10 (3) A COUNTY BOARD MAY NOT RECEIVE MORE THAN \$10 MILLION IN  
11 ANY FISCAL YEAR.

12 (4) A COUNTY BOARD MAY NOT RECEIVE A DISTRIBUTION UNDER THIS  
13 SUBSECTION IF THE COUNTY TAX RATE IN THAT COUNTY WAS LESS THAN 2.4%:

14 (I) FOR THE TAXABLE YEAR THAT ENDED IN THE SECOND PRIOR  
15 FISCAL YEAR; OR

16 (II) FOR ANY SUBSEQUENT TAXABLE YEAR THROUGH THE  
17 TAXABLE YEAR THAT ENDS IN THE CURRENT FISCAL YEAR.

18 (C) THE COMPTROLLER SHALL MAKE PAYMENTS OF THE ADDITIONAL  
19 AMOUNTS PROVIDED UNDER THIS SECTION QUARTERLY DURING THE FISCAL YEAR  
20 FOR WHICH THE PAYMENT IS MADE.

21 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the  
22 General Assembly that the Governor include in the State budget for fiscal year 2002  
23 an appropriation that is sufficient to fund the grant required under § 5-202(b)(5)(iv)  
24 of the Education Article, as amended by this Act.

25 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the  
26 General Assembly that the Governor include in the State budget for fiscal year 2002  
27 an appropriation that is sufficient to fund the grant required under § 5-205(c) of the  
28 Education Article, as amended by this Act.

29 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the  
30 General Assembly that the Governor include in the State budget for fiscal year 2002  
31 an appropriation that is sufficient to fund the grant required under § 5-216 of the  
32 Education Article, as enacted by this Act.

33 SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of the  
34 General Assembly that, in addition to the appropriation required by § 8-414 of the  
35 Education Article, the Governor include in the State budget for fiscal year 2002 an  
36 appropriation of at least \$53.55 million for public special education that includes: (1)  
37 the \$11.25 million appropriated in fiscal year 2001 for public special education and  
38 distributed in accordance with the recommendations set forth in the November 1986  
39 report of the Task Force to Study the Funding of Special Education; and (2) an  
40 additional \$42.3 million that shall be distributed in the same manner.

1       SECTION 6. AND BE IT FURTHER ENACTED, That the Governor shall  
2 include in the State budget for fiscal year 2003 an appropriation of at least \$53.55  
3 million for public special education, to be distributed in accordance with the  
4 recommendations set forth in the November 1986 report of the Task Force to Study  
5 the Funding of Special Education.

6       SECTION 7. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 July 1, 2001. It shall remain effective for a period of 2 years and, at the end of June  
8 30, 2003, with no further action required by the General Assembly, this Act shall be  
9 abrogated and of no further force and effect.