

SENATE BILL 323

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B1

2002 Regular Session
2lr0166
CF 2lr0167

By: **The President (Administration)**

Introduced and read first time: January 25, 2002

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **The Budget Reconciliation Act of 2002**

3 FOR the purpose of requiring the Governor to transfer to the General Fund certain
4 amounts from certain special funds for certain fiscal years; altering the
5 distribution of excess transfer tax revenues for certain fiscal years; altering a
6 certain State of Maryland income tax rate for individuals; altering the amount
7 that an individual may deduct for exemptions for calculating the State of
8 Maryland income tax; providing for a credit against the county income tax for
9 certain exemptions that individuals may deduct to determine Maryland taxable
10 income; specifying the contribution to the State Retirement Systems for a
11 certain fiscal year; increasing the percentage of value of certain property that is
12 subject to certain taxes for a certain year; eliminating certain payments to
13 certain counties for a certain fiscal year; requiring certain appropriations in
14 certain years; restricting the amount of the increase in appropriations for
15 certain purposes; specifying the payments for certain programs for a certain
16 fiscal year; deferring the payment of certain amounts to certain institutions;
17 requiring the Board of Public Works to cancel certain appropriations; delaying
18 certain pay increases for State employees under certain circumstances; making
19 the provisions of this Act severable; and generally relating to the financing of
20 State and local governments for certain fiscal years.

21 BY adding to
22 Article - Tax - General
23 Section 10-724
24 Annotated Code of Maryland
25 (1997 Replacement Volume and 2001 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
27 MARYLAND, That notwithstanding any other provision of law, on or before June 30,
28 2002, the Governor shall transfer to the General Fund:

29 \$15,014 of the funds in the Board of Chiropractic Examiners Fund established
30 under § 3-206 of the Health Occupations Article;

1 \$26,175 of the funds in the Board of Examiners for Audiologists, Hearing Aid
2 Dispensers, and Speech-Language Pathologists Fund established under § 2-206 of
3 the Health Occupations Article;

4 \$49,260 of the funds in the Board of Examiners in Optometry Fund established
5 under § 11-207 of the Health Occupations Article;

6 \$38,310 of the funds in the Board of Examiners for Psychologists Fund
7 established under § 18-207 of the Health Occupations Article;

8 \$21,224 of the funds in the Board of Physical Therapy Examiners Fund
9 established under § 13-207 of the Health Occupations Article;

10 \$89,329 of the funds in the Board of Professional Counselors and Therapists
11 Fund established under § 17-206 of the Health Occupations Article;

12 \$400,000 of the funds in the Board of Nursing Fund established under § 8-206 of
13 the Health Occupations Article;

14 \$150,000 of the funds in the Central Collection Fund established under § 3-306
15 of the State Finance and Procurement Article;

16 \$24,854,673 of the funds in the Dedicated Purpose Fund of the State Reserve
17 Fund established under § 7-310 of the State Finance and Procurement Article which
18 constitute funds that were appropriated in the fiscal year 2001 budget for the Wilson
19 Bridge and the Metrorail Extension from Addison Road to Largo Town Center;

20 \$45,000,000 of the funds in the Dedicated Purpose Fund of the State Reserve
21 Fund established under § 7-310 of the State Finance and Procurement Article which
22 constitute funds that were appropriated in the fiscal year 2002 budget for the Wilson
23 Bridge and the Metrorail Extension from Addison Road to Largo Town Center;

24 \$7,500,000 of the funds in the account of the Economic Development
25 Opportunities Program Fund established under § 7-314 of the State Finance and
26 Procurement Article;

27 \$2,900,000 of the funds in the account of the Health Services Cost Review
28 Commission generated under § 19-214 of the Health - General Article;

29 \$100,000 of the funds in the account of the Health Services Cost Review
30 Commission Fund established under § 19-213 of the Health - General Article;

31 \$6,500,000 of the funds in the account of the Home Ownership Programs Fund
32 established under Article 83B, § 2-613 of the Code;

33 \$2,000,000 of the funds in the Insurance Regulation Fund established under §
34 2-505 of the Insurance Article;

35 \$60,688 of the funds in the Kidney Disease Fund established under § 13-310.1
36 of the Health - General Article;

- 1 \$500,000 of the funds in the account of the Lead Poisoning Prevention Fund
2 established under § 6-844 of the Environment Article;
- 3 \$50,000,000 of the funds in the Insured Division of the Maryland Automobile
4 Insurance Fund established under § 20-201 of the Insurance Article;
- 5 \$20,000,000 of the funds in the Uninsured Division of the Maryland Automobile
6 Insurance Fund established under § 20-201 of the Insurance Article;
- 7 \$8,500,000 of the funds in the Maryland Economic Development Assistance
8 Authority Fund established under Article 83A, § 5-1403 of the Code;
- 9 \$5,000,000 of the funds in the Maryland Industrial Development Financing
10 Authority Fund established under Article 83A, § 5-914 of the Code;
- 11 \$553,710 of the funds in the Motor Vehicle Registration Enforcement Fund
12 established under Article 88B, § 77 of the Code;
- 13 \$2,500,000 of the funds in the Neighborhood Business Development Fund
14 established under Article 83B, § 2-408 of the Code;
- 15 \$5,000,000 of the funds in the 911 Trust Fund established under Article 41, §
16 18-105 of the Code;
- 17 \$15,000,000 of the funds in the accounts for State Projects and \$15,000,000 from
18 the accounts for Local Projects under Title 5, Subtitle 9 (Program Open Space) of the
19 Natural Resources Article;
- 20 \$1,000,000 of the funds in the Rental Housing Programs Fund established
21 under Article 83B, § 2-805 of the Code;
- 22 \$600,000 of the funds in the Small Business Pollution Compliance Fund
23 established under § 2-802 of the Environment Article;
- 24 \$2,000,000 of the funds in the Smart Growth Economic Development
25 Infrastructure Fund established under Article 83A, § 5-701 of the Code;
- 26 \$1,000,000 of the funds in the Special Loan Programs Fund established under
27 Article 83B, § 2-1409 of the Code;
- 28 \$11,000,000 of the funds in the State Insurance Trust Fund established under §
29 9-103 of the State Finance and Procurement Article;
- 30 \$2,000,000 of the funds in the account of the State Use Industries established
31 under § 3-507 of the Correctional Services Article;
- 32 \$1,000,000 of the funds in the State Used Tire Cleanup and Recycling Fund
33 established under § 9-273 of the Environment Article;
- 34 \$300,000 of the funds in the Universal Service Trust Fund established under §
35 3-807 of the State Finance and Procurement Article;

1 \$8,000,000 of the funds in the Waterway Improvement Fund established under
2 § 8-707 of the Natural Resources Article.

3 SECTION 2. AND BE IT FURTHER ENACTED, That notwithstanding any
4 other provision of law, on or before June 30, 2003, the Governor shall transfer to the
5 General Fund:

6 \$150,000 of the funds in the Central Collection Fund established under § 3-306
7 of the State Finance and Procurement Article;

8 \$50,000,000 of the funds in the Dedicated Purpose Fund of the State Reserve
9 Fund established under § 7-310 of the State Finance and Procurement Article which
10 constitute a portion of the funds appropriated in fiscal years 2000 and 2001 for the
11 Family Investment Program in the Department of Human Resources;

12 \$5,000,000 of the funds in the Emergency Medical System Operations Fund
13 established under § 13-955 of the Transportation Article;

14 \$32,200,000 of the funds in the Injured Workers Insurance Fund reserve for
15 actuarial liability for claims against the State, established under § 10-104 of the
16 Labor and Employment Article;

17 \$3,700,000 of the funds in the Racing Facility Redevelopment Bond Fund
18 established under § 11-1206 of the Business Regulation Article;

19 \$16,600,000 of the funds in the accounts of the University System of Maryland;

20 \$18,000,000 of the funds in the Transportation Authority Fund established
21 under § 4-313 of the Transportation Article to the extent such funds are not needed
22 for the payment of items specified in § 4-313(a)(2) and (b) of the Transportation
23 Article; and

24 \$400,000 of the funds in the Motor Vehicle Registration Enforcement Fund
25 established under Article 88B, § 77 of the Code.

26 SECTION 3. AND BE IT FURTHER ENACTED, That notwithstanding the
27 provisions of § 13-209 of the Tax - Property Article or any other provision of law, in
28 fiscal year 2003, the first \$26,800,000 of transfer tax revenues shall be credited to the
29 General Fund.

30 SECTION 4. AND BE IT FURTHER ENACTED, That notwithstanding the
31 provisions of §§ 10-105 and 10-211 of the Tax - General Article or any other provision
32 of law, the State income tax rate and the amount that may be deducted for exemptions
33 shall remain at the levels in effect on December 31, 2001.

34 SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland
35 read as follows:

Article - Tax - General

10-724.

FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2001 FOR EACH EXEMPTION THAT AN INDIVIDUAL OTHER THAN A FIDUCIARY MAY DEDUCT UNDER § 10-211(1) OR (2) OF THIS TITLE TO DETERMINE MARYLAND TAXABLE INCOME FOR THE TAXABLE YEAR, THE INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE COUNTY INCOME TAX IN AN AMOUNT EQUAL TO THE LESSER OF:

(1) THE PRODUCT OF MULTIPLYING \$300 TIMES THE COUNTY INCOME TAX RATE FOR THE TAXABLE YEAR; OR

(2) THE COUNTY INCOME TAX FOR THE TAXABLE YEAR, DETERMINED AFTER SUBTRACTING THE CREDITS ALLOWED UNDER § 10-704(C) AND (D) OF THIS SUBTITLE.

SECTION 6. AND BE IT FURTHER ENACTED, That notwithstanding any other provision of law, the State contribution to the Maryland State Retirement and Pension System for all plans except for the Judges' Retirement System established under Division II of the State Personnel and Pensions Article for fiscal year 2003 shall be \$530,520,472. This contribution includes any contributions that the State is required to make for any participant in any plan including participants who are not State employees but excluding participants in the Judges' Retirement System.

SECTION 7. AND BE IT FURTHER ENACTED, That notwithstanding § 20-302 of the Insurance Article or any other provision of law, in each budget submitted for fiscal years 2004 through 2008, the Governor shall include an appropriation of \$10,000,000 to the Insured Division of the Maryland Automobile Insurance Fund.

SECTION 8. AND BE IT FURTHER ENACTED, That notwithstanding the provisions of Article 83A, § 4-208 of the Code, or any other provision of law, the appropriation to the Maryland Tourism Development Board Fund shall remain at the same level as the fiscal year 2002 appropriation.

SECTION 9. AND BE IT FURTHER ENACTED, That notwithstanding §§ 16-305 and 16-512 of the Education Article or any other provision of law, the appropriations for fiscal year 2003 required under §§ 16-305 (c) and (f) and 16-512 of the Education Article shall be as follows:

Allegany College.....	\$4,323,166
Anne Arundel Community College.....	21,320,035
Baltimore City Community College.....	30,929,936
Community College of Baltimore County.....	32,809,958

1 Carroll Community College.....	4,645,223
2 Cecil Community College	3,342,820
3 College of Southern Maryland.....	7,640,811
4 Chesapeake College	4,549,720
5 Frederick Community College.....	5,860,660
6 Garrett Community College.....	2,318,049
7 Hagerstown Junior College.....	5,119,112
8 Harford Community College	7,841,398
9 Howard Community College	8,234,602
10 Montgomery College	27,538,668
11 Prince George's Community College	19,225,871
12 Wor-Wic Community College	4,706,099

13 SECTION 10. AND BE IT FURTHER ENACTED, That notwithstanding §
14 17-104 of the Education Article or any other provision of law, the appropriations for
15 fiscal year 2003 required under § 17-104 of the Education Article shall be as follows:

16 Baltimore Hebrew University	\$149,733
17 Baltimore International College.....	689,678
18 Capitol College	725,029
19 College of Notre Dame.....	2,076,492
20 Columbia Union College	1,067,689
21 Goucher College	2,187,968
22 Hood College	1,395,821
23 The Johns Hopkins University	20,133,157
24 Loyola College	6,510,540
25 Maryland Institute College of Art	2,038,430
26 Mount St. Mary's College	2,115,136
27 St. John's College	901,783

1 Sojourner-Douglass College 1,196,017

2 Villa Julie College2,807,962

3 Washington College1,902,354

4 Western Maryland College3,209,895

5 SECTION 11. AND BE IT FURTHER ENACTED, That notwithstanding any
6 other provision of law, for the taxable year beginning July 1, 2002, personal property
7 that is described in § 7-237(a) of the Tax - Property Article is subject to county or
8 municipal corporation property tax on 100% of its value and the payments described
9 in Article 24, § 9-1102 of the Code shall not be made. The revenues generated as a
10 result of this Section 11 shall not be included in the calculation of any property tax
11 limitation of any jurisdiction's ability to impose taxes.

12 SECTION 12. AND BE IT FURTHER ENACTED, That notwithstanding §
13 17-302 of the Education Article or any other provision of law, the fiscal year 2002 and
14 2003 payments provided under § 17-302 of the Education Article for private donation
15 incentives shall be deferred until fiscal year 2004.

16 SECTION 13. AND BE IT FURTHER ENACTED, That notwithstanding §§
17 7-305 and 8-128 of the State Finance and Procurement Article or any other provision
18 of law, the Board of Public Works shall terminate appropriations for capital projects
19 that (1) were included in the Budget Bills for fiscal years 1999, 2000, 2001, and 2002;
20 (2) are identified in Section 12 of the Maryland Consolidated Capital Bond Loan Bill
21 of 2002; and (3) are included in Section 1(3) of the Maryland Consolidated Capital
22 Bond Loan Bill of 2002. Further, the Board is not required to publish notice of the
23 cancellation of these appropriations in the Maryland Register.

24 SECTION 14. AND BE IT FURTHER ENACTED, That notwithstanding §
25 7-302 of the State Finance and Procurement Article or any other provision of law, any
26 part of the fiscal year 2002 appropriation for the Office of Information Technology in
27 the Department of Budget and Management that is unspent and unencumbered as of
28 June 30, 2002 shall be transferred to the Information Technology Investment Fund
29 and shall not revert to the General Fund.

30 SECTION 15. AND BE IT FURTHER ENACTED, That notwithstanding any
31 provision of law, merit increases for State employees shall be delayed by 6 months in
32 fiscal year 2003. If a Memorandum of Understanding under Title 3 of the State
33 Personnel and Pensions Article provides an alternative salary action that provides
34 substantially equivalent savings to the State, the Secretary of Budget and
35 Management may implement the merit increments in accordance with the
36 Memorandum of Understanding.

37 SECTION 16. AND BE IT FURTHER ENACTED, That if any provision of this
38 Act or the application thereof to any person or circumstance is held invalid for any
39 reason in a court of competent jurisdiction, the invalidity does not affect other
40 provisions or any other application of this Act which can be given effect without the

1 invalid provision or application and for this purpose the provisions of this Act are
2 severable.

3 SECTION 17. AND BE IT FURTHER ENACTED, That this Act shall take
4 effect June 1, 2002.