

HB0001/329734/1

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL 1
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 8, strike “in certain fiscal years”; in line 26, after “information;” insert “providing that the Comptroller’s appointment of the Chief of the Bureau of Revenue Estimates is subject to the approval of the Board of Revenue Estimates; providing that the Chief may be removed only by a majority of the Board for certain reasons; providing that the Chief is subject to the supervision of a certain Deputy Comptroller, except under certain circumstances; providing for the appointment of other employees of the Bureau by the Chief; requiring the Bureau to submit certain reports including certain information regarding certain revenues to the Board each year; altering a provision relating to certain studies of State revenue sources conducted by the Bureau; requiring the Bureau to submit certain reports to the Governor and to the General Assembly; establishing a Consensus Revenue Monitoring and Forecasting Group to perform certain functions and to advise and collaborate with the Bureau; requiring the Comptroller and the Bureau to provide certain data and certain documents to members of the Group; requiring the Board to submit certain reports to the General Assembly each year; requiring the Governor to incorporate a certain estimate of revenues in the State budget and any supplemental budget submitted to the General Assembly; requiring the Governor to submit a certain statement to the General Assembly under certain circumstances; requiring the Department of Transportation to incorporate in a certain financial forecast a certain estimate of revenues by the Board;”.

On pages 1 and 2, strike beginning with “altering” in line 26 on page 1 down through “purposes;” in line 3 on page 2.

On page 2, strike beginning with “altering” in line 5 down through “program;” in line 11; strike beginning with “altering” in line 14 down through “fund;” in line 17; in

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line 20, after “employees” insert “and retirees”; in the same line, after “period” insert “or equivalent adjustment”; strike beginning with “withdrawing” in line 23 down through “year;” in line 24; in line 26, after “positions;” insert “requiring the State Department of Education to update a certain Geographic Cost of Education Index (GCEI) at certain times; requiring the State Department of Education to submit a certain proposed GCEI adjustment update to the Governor and the General Assembly and to recommend certain legislation at certain times; requiring a certain GCEI adjustment to be used in certain fiscal years; requiring the review of certain supplemental grants in a certain adequacy study; authorizing the transfer of certain funds by budget amendment for a certain fiscal year from a certain special fund to be used only to provide a certain grant; providing that a certain grant may not be provided except under certain circumstances”; and strike beginning with “5-206(f),” in line 42 down through “and 23-510(e)(5)” in line 44, and substitute “16-305(c)(1)(ii), 16-512(a)(2), and 17-104(d)”.

On page 3, in line 4, strike “, 7-117, and 7-118”; and strike in their entirety lines 12 through 18, inclusive.

On page 4, in line 1, strike “9-117(a)(1),”; strike in their entirety lines 9 through 23, inclusive; and in line 26, strike “1-504 and”.

On pages 4 and 5, strike in their entirety the lines beginning with line 39 on page 4 down through line 3 on page 5, inclusive.

On page 5, in line 11, strike “7-325” and substitute “6-103, 6-104, 6-106, and 7-311(a)”; and strike in their entirety lines 14 through 16, inclusive, and substitute:

“BY adding to

Article – State Finance and Procurement

Section 6-105

Annotated Code of Maryland

(2006 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, with amendments,

Article – Transportation

Section 2–103.1(1)(2)

Annotated Code of Maryland

(2001 Replacement Volume and 2007 Supplement)”.

AMENDMENT NO. 2

On page 8, in line 20, strike “**YEARS**” and substitute “**YEAR**”; in the same line, after “**2011**” insert “**AND EACH FISCAL YEAR THEREAFTER**”; and in line 21, strike “**THROUGH 2013**”.

AMENDMENT NO. 3

On pages 9 and 10, strike in their entirety the lines beginning with line 19 on page 9 through line 2 on page 10, and substitute:

“Article – Education

16–305.

(c) (1) (ii) For purposes of this subsection, the State’s General Fund appropriation per full–time equivalent student to the 4–year public institutions of higher education in the State for the previous fiscal year shall:

1. INCLUDE NONCAPITAL APPROPRIATIONS FROM THE HIGHER EDUCATION INVESTMENT FUND; AND

2. [reflect] REFLECT any amendments or reductions to the appropriation for the previous fiscal year.

16–512.

(a) (2) For purposes of this subsection, the State's General Fund appropriation per full-time equivalent student to the 4-year public institutions of higher education in the State for the previous fiscal year shall:

(I) INCLUDE NONCAPITAL APPROPRIATIONS FROM THE HIGHER EDUCATION INVESTMENT FUND; AND

(II) [reflect] REFLECT any amendments or reductions to the appropriation for the previous fiscal year.

17-104.

(d) For purposes of this section, the State's General Fund appropriation per full-time equivalent student to the 4-year public institutions of higher education in the State for the previous fiscal year shall:

(1) INCLUDE NONCAPITAL APPROPRIATIONS FROM THE HIGHER EDUCATION INVESTMENT FUND; AND

(2) [reflect] REFLECT any amendments or reductions to the appropriation for the previous fiscal year."

AMENDMENT NO. 4

On page 10, in line 20, after "TITLE," insert "AND SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, FOR A TAXABLE YEAR BEGINNING BEFORE JULY 1, 2011,"; after line 23, insert:

"(2) THE GOVERNING BODY OF A COUNTY MAY NOT INCREASE THE PERCENT OF ASSESSMENT OF PERSONAL PROPERTY DESCRIBED IN § 7-237 OF THIS TITLE THAT IS SUBJECT TO COUNTY PERSONAL PROPERTY TAX TO MORE THAN:

(I) 65% FOR THE TAXABLE YEAR BEGINNING JULY 1, 2008;

(II) 60% FOR THE TAXABLE YEAR BEGINNING JULY 1, 2009;

AND

(III) 55% FOR THE TAXABLE YEAR BEGINNING JULY 1, 2010.”;

and in line 24, strike “(2)” and substitute “(3)”.

AMENDMENT NO. 5

On page 12, in line 1, after “(i)” insert “1.”; in line 2, strike “, one” and substitute “:”;

A. ONE”;

in line 3, after “Commission” insert “; AND”

B. 20% OF THE FUNDS OR \$21,000,000, WHICHEVER IS GREATER, SHALL BE APPROPRIATED TO THE FOREST AND PARK SERVICE IN THE DEPARTMENT TO OPERATE STATE FORESTS AND PARKS”;

in the same line, before “Except” insert:

“2.”;

in line 7, after “under” insert “SUBPARAGRAPH (I)1A OF THIS PARAGRAPH FOR”; in line 16, after “under” insert “SUBPARAGRAPH (I)1A OF THIS PARAGRAPH FOR”; in line 17, strike “the amounts specified below” and substitute “\$8,000,000 FOR EACH”

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FISCAL YEAR"; strike beginning with the colon in line 19 down through "million" in line 25; and strike in their entirety lines 31 through 34, inclusive.

AMENDMENT NO. 6

On pages 15 and 16, strike in their entirety the lines beginning with line 10 on page 15 through line 27 on page 16, inclusive.

On pages 16 and 17, strike in their entirety the lines beginning with line 29 on page 16 through line 22 on page 17, inclusive.

On pages 18 through 31, strike in their entirety the lines beginning with line 6 on page 18 through line 31 on page 31, inclusive.

AMENDMENT NO. 7

On pages 31 and 32, strike in their entirety the lines beginning with line 34 on page 31 through line 3 on page 32, inclusive, and substitute:

"Article – State Finance and Procurement

6–103.

(a) There is a Bureau of Revenue Estimates in the Office of the Comptroller.

(b) (1) The head of the Bureau is the Chief.

(2) Subject to the supervision of the Comptroller, the Chief has administrative control of the Bureau.

(3) UNLESS THE COMPTROLLER, WITH THE APPROVAL OF THE BOARD, DETERMINES THAT AN ALTERNATIVE STRUCTURE IS APPROPRIATE, THE CHIEF SHALL BE SUBJECT TO THE SUPERVISION OF THE DEPUTY COMPTROLLER WITH RESPONSIBILITY FOR TAX ADMINISTRATION.

(c) (1) Except as otherwise provided by law, SUBJECT TO THE APPROVAL OF THE BOARD, the Comptroller shall appoint the Chief [and].

(2) THE CHIEF MAY BE REMOVED ONLY BY A MAJORITY OF THE BOARD FOR INCOMPETENCE OR OTHER GOOD CAUSE.

(3) THE CHIEF SHALL APPOINT other employees of the Bureau in accordance with the provisions of the State Personnel and Pensions Article.

6-104.

(a) (1) After the end of each fiscal year, the Bureau shall submit to the Board a report that:

(i) contains an itemized statement of the State revenues from all sources for that fiscal year; and

(ii) includes any recommendations of the Bureau.

(2) [Before each regular session of the General Assembly] IN DECEMBER, MARCH, AND SEPTEMBER OF EACH YEAR, the Bureau shall submit to the Board a report that contains an itemized statement of the estimated State revenues from all sources for the fiscal year following [the session] THE FISCAL YEAR IN WHICH THE REPORT IS MADE.

(3) The Bureau shall provide to the Board any other information that the Board requests.

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(4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE REPORTS REQUIRED UNDER PARAGRAPHS (1) AND (2) OF THIS SUBSECTION SHALL INCLUDE AN ITEMIZED STATEMENT OF:

(I) REVENUES OR ESTIMATED REVENUES DISTRIBUTED TO THE TRANSPORTATION TRUST FUND, INCLUDING THE MOTOR FUEL TAXES IMPOSED UNDER TITLE 9, SUBTITLE 3 OF THE TAX – GENERAL ARTICLE AND MOTOR VEHICLE TITLING TAXES IMPOSED UNDER TITLE 13, SUBTITLE 8 OF THE TRANSPORTATION ARTICLE; AND

(II) REVENUES FROM THE STATE TRANSFER TAX IMPOSED UNDER TITLE 13, SUBTITLE 2 OF THE TAX – PROPERTY ARTICLE.

(b) In addition to these reports, the Bureau shall continually conduct studies of State revenue sources to:

(1) determine the amount of revenue produced; and

(2) devise and recommend new methods and sources for improved efficiency, equity, and economy in production [and], collection, AND ESTIMATION of revenue.

(c) (1) ON OR BEFORE DECEMBER 1, 2008, AND DECEMBER 1 OF EVERY THIRD YEAR THEREAFTER, THE BUREAU SHALL SUBMIT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY A TAX INCIDENCE STUDY MEASURING THE BURDEN OF ALL THE MAJOR TAXES IMPOSED BY THE STATE AND HOW THAT BURDEN IS SHARED AMONG TAXPAYERS OF DIFFERENT INCOME LEVELS.

(2) THE BUREAU SHALL PREPARE AND SUBMIT THE STATISTICS OF INCOME REPORT REQUIRED UNDER § 10-223 OF THE TAX - GENERAL ARTICLE.

6-105.

(A) IN THIS SECTION, "GROUP" MEANS THE CONSENSUS REVENUE MONITORING AND FORECASTING GROUP ESTABLISHED UNDER THIS SECTION.

(B) THERE IS A CONSENSUS REVENUE MONITORING AND FORECASTING GROUP.

(C) THE GROUP CONSISTS OF:

(1) THE CHIEF AND STAFF OF THE BUREAU AS DESIGNATED BY THE CHIEF;

(2) THE DEPUTY COMPTROLLER WITH RESPONSIBILITY FOR TAX ADMINISTRATION AND STAFF AS DESIGNATED BY THE DEPUTY COMPTROLLER WITH RESPONSIBILITY FOR TAX ADMINISTRATION;

(3) STAFF OF THE OFFICE OF THE TREASURER AS DESIGNATED BY THE TREASURER;

(4) STAFF OF THE DEPARTMENT OF BUDGET AND MANAGEMENT AS DESIGNATED BY THE SECRETARY OF BUDGET AND MANAGEMENT;

(5) STAFF OF THE DEPARTMENT OF TRANSPORTATION AS DESIGNATED BY THE SECRETARY OF TRANSPORTATION; AND

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(6) STAFF OF THE OFFICE OF POLICY ANALYSIS OF THE DEPARTMENT OF LEGISLATIVE SERVICES AS DESIGNATED BY THE DIRECTOR OF THE OFFICE.

(D) THE CHIEF SHALL CHAIR THE GROUP.

(E) THE GROUP AND ITS CONSTITUENT UNITS SHALL:

(1) REVIEW AND ANALYZE ATTAINMENT OF REVENUES ON A MONTHLY BASIS; AND

(2) ADVISE AND COLLABORATE WITH THE BUREAU:

(I) IN THE DEVELOPMENT OF REVENUE FORECASTS AND ANY NECESSARY REVISIONS TO THOSE FORECASTS; AND

(II) IN THE PERFORMANCE OF ANY PERTINENT STUDIES OR ANALYSES AS REQUESTED BY THE CHIEF OR AS DIRECTED BY THE BOARD.

(F) TO ASSIST THE GROUP IN PERFORMING ITS FUNCTION, THE COMPTROLLER AND THE BUREAU SHALL:

(1) WITHIN 7 CALENDAR DAYS AFTER THE END OF EACH MONTH, PROVIDE TO MEMBERS OF THE GROUP DETAILED DATA ON REVENUE COLLECTIONS; AND

(2) BEFORE ANY DOCUMENT RELATING TO THE WORK OF THE BUREAU IS PUBLISHED, PROVIDE A DRAFT OF THE DOCUMENT TO THE MEMBERS OF THE GROUP FOR REVIEW AND COMMENT.

(a) The Board shall:

- (1) study the information that the Bureau provides; and
- (2) consider the recommendations of the Bureau.

(b) (1) [Annually] IN DECEMBER, MARCH, AND SEPTEMBER OF EACH YEAR, the Board shall submit to the Governor AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, a report that:

(i) contains an itemized statement of the estimated State revenues from all sources for the fiscal year following the fiscal year in which the report is made; and

(ii) includes any recommendations of the Board.

(2) (I) [The] SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE Governor shall [send the report of the Board, subject to § 2-1246 of the State Government Article, to the General Assembly] STATE THE MOST RECENT ESTIMATES OF REVENUES REPORTED BY THE BOARD IN THE PROPOSED BUDGET AND ANY SUPPLEMENTAL BUDGET SUBMITTED TO THE GENERAL ASSEMBLY.

(II) IF THE GOVERNOR USES DIFFERENT ESTIMATES OF REVENUES IN THE FORMULATION OF THE PROPOSED BUDGET AND ANY SUPPLEMENTAL BUDGET SUBMITTED TO THE GENERAL ASSEMBLY THAN THOSE REPORTED BY THE BOARD, A STATEMENT PROVIDING AN EXPLANATION AS TO THE DIFFERENCES SHALL BE INCLUDED TOGETHER WITH THOSE SUBMISSIONS.

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7-311.

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Account” means the Revenue Stabilization Account.
- (3) “Estimated General Fund revenues” means the estimated General Fund revenues **FOR A FISCAL YEAR** stated in the [annual] report of the Board of Revenue Estimates submitted to the Governor under § 6-106 of this article **IN DECEMBER PRECEDING THE FISCAL YEAR.**

Article – Transportation

2-103.1.

(1) (2) (i) The financial forecast supporting the Consolidated Transportation Program to be submitted to the General Assembly under paragraph (1) of this subsection shall include the following components:

1. A schedule of operating expenses for each specific modal administration;
2. A schedule of revenues, including tax and fee revenues, deductions from revenues for other agencies, Department program and fees, Motor Vehicle Administration cost recovery, deductions for highway user revenues, operating revenues by modal administration, and miscellaneous revenues; and
3. A summary schedule for the Transportation Trust Fund that includes the opening and closing Fund balance, revenues, transfers, bond sales, bond premiums, any other revenues, expenditures for debt service, operating expenses, amounts available for capital expenses, bond interest rates, bond coverage

ratios, total bonds outstanding, federal capital aid, and the total amount for the transportation capital program.

(ii) The financial forecast shall include, for each of the components specified in subparagraph (i) of this paragraph:

1. Actual information for the last full fiscal year; and
2. Forecasts of the information for each of the six subsequent fiscal years, including the current fiscal year, the fiscal year for the proposed budget, and the next four subsequent fiscal years.

(III) THE DEPARTMENT SHALL INCORPORATE IN THE FINANCIAL FORECAST THE MOST RECENT ESTIMATES BY THE BOARD OF REVENUE ESTIMATES OF THE REVENUES FROM:

1. THE CORPORATE INCOME TAX AND THE SALES AND USE TAX FOR EACH OF THE SIX SUBSEQUENT YEARS, INCLUDING THE CURRENT FISCAL YEAR AND THE FISCAL YEAR FOR THE PROPOSED BUDGET; AND

2. MOTOR FUEL TAXES AND MOTOR VEHICLE TITLING TAXES FOR THE CURRENT FISCAL YEAR AND THE FISCAL YEAR FOR THE PROPOSED BUDGET.”.

AMENDMENT NO. 8

On page 32, in line 10, after “employees” insert “and retirees”; in line 11, after “period” insert “or equivalent adjustment”; in line 18, strike “750” and substitute “500”; in line 23, after “2007” insert “, as amended,”; and in line 26, strike “\$7,600,000” and substitute “\$5,000,000”.

AMENDMENT NO. 9

On pages 32 and 33, strike in their entirety the lines beginning with line 30 on page 32 through line 40 on page 33, inclusive, and substitute:

“SECTION 11. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that:

(a) In developing the fiscal 2009 budget, the Governor make reductions of at least \$550,000,000 in general funds from the fiscal 2009 current services baseline budget after the reductions made by the Board of Public Works in July 2007, including the items specified in this Act.

(b) In implementing the reduction specified in subsection (a) of this section, the Governor shall consider proposing legislation at the 2008 session of the General Assembly to defer formula increases and alter funding mandates in order to slow growth in the baseline budget.”.

On page 33, in line 41, strike “15.” and substitute “12.”.

On page 34, strike in their entirety lines 4 through 11, inclusive; in line 12, strike “18.” and substitute “13.”; and in line 26, strike “19.” and substitute “14.”.

AMENDMENT NO. 10

On pages 34 and 35, strike in their entirety the lines beginning with line 34 on page 34 through line 3 on page 35, inclusive, and substitute:

“SECTION 15. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the supplemental grants established in Section 2 of this Act be reviewed as part of the adequacy study required by Section 7 of Chapter 288, Acts of 2002, to determine whether the grants should continue. In making this determination, the study must consider the integrity of the State’s education finance structure, the role of the supplemental grants in addressing the equity and adequacy of State

education aid, and the fiscal impact on local school systems that receive the supplemental grants.

SECTION 16. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law:

(a) For fiscal year 2008 only, up to \$20,000,000 may be transferred from the Dedicated Purpose Account established under § 7-310 of the State Finance and Procurement Article by budget amendment to the Department of Health and Mental Hygiene for the purpose of providing a special fund operating grant to an independent entity with authority over the facilities currently operated and health care services currently provided by Dimensions Healthcare System until the facilities and obligation to provide the services are transferred to a new owner or operator.

(b) (1) The Department of Health and Mental Hygiene may not provide a special fund operating grant under this section until a long-term, comprehensive solution to the control and operation of the facilities and provision of health care services currently operated and provided by Dimensions Healthcare System is reached through:

(i) an Act of the General Assembly; or

(ii) a memorandum of understanding between the State and Prince George's County.

(2) The long-term, comprehensive solution required under paragraph (1) of this subsection shall address issues related to health care needs in Prince George's County and the surrounding region, including:

(i) the transfer to a new owner or operator of the facilities currently operated and the obligation to provide the health care services currently provided by Dimensions Healthcare System;

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(ii) a plan for the assets currently held by Prince George's County related to the facilities currently operated by Dimensions Healthcare System;

(iii) a mechanism to provide a steady revenue stream to help support ongoing operations of the facilities currently operated by Dimensions Healthcare System and to retire the long-term bond indebtedness and satisfy the unfunded pension liability of Dimensions Healthcare System; and

(iv) a mechanism to assure equitable and sustainable funding from Prince George's County and the State."

AMENDMENT NO. 11

On page 35, strike in their entirety lines 4 through 8, inclusive; in line 9, strike "22." and substitute "17."; in line 11, strike "23." and substitute "18."; after line 18, insert:

"SECTION 19. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect contingent on the taking effect of legislation passed during the Special Session of 2007 establishing a Higher Education Investment Fund, and if legislation establishing a Higher Education Investment Fund does not become effective, Section 3 of this Act shall be null and void without the necessity of further action by the General Assembly."

in line 19, strike "24." and substitute "20."; in line 27, strike "25." and substitute "21."; in line 29, strike "26." and substitute "22."; in line 30, strike "21" and substitute "17"; and in the same line, strike "25" and substitute "21".