

## **Chapter 73**

**(Senate Bill 476)**

AN ACT concerning

### **Maintenance of Effort – Penalty**

FOR the purpose of waiving the maintenance of effort penalty for a certain fiscal year; requiring certain legislative committees to report to the General Assembly on or before a certain date; providing for the application of this Act; and generally relating to the maintenance of effort penalty.

#### **Preamble**

WHEREAS, The process for waiving the maintenance of effort requirement was established in 1996 and no county had applied for a waiver under that process until fiscal year 2010; and

WHEREAS, When the maintenance of effort waiver process was used for the first time in fiscal year 2010, numerous policy issues were identified including the lack of clarity in the factors used to guide the decision of the State Board of Education whether to grant a waiver; and

WHEREAS, Significant policy issues were also identified regarding the appropriate penalty for not meeting the maintenance of effort requirement; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That, notwithstanding any other provision of law, for fiscal year 2010 only, the penalty provision under § 5–213 of the Education Article may not be applied to any State aid increase provided under § 5–202 of the Education Article.

SECTION 2. AND BE IT FURTHER ENACTED, That the Senate Budget and Taxation Committee and the House Ways and Means Committee shall study the appropriate calculation of the penalty for failing to meet the maintenance of effort requirement and the appropriate party against whom the penalty should be applied. On or before December 31, 2010, the committees shall report their findings and recommendations to the Legislative Policy Committee, in accordance with § 2–1246 of the State Government Article.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to any penalty that would otherwise be imposed for not meeting the maintenance of effort requirement in fiscal year 2010.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2010.

**Approved by the Governor, April 13, 2010.**