

# SENATE BILL 383

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By: **The President (By Request – Administration) and Senators Bates, Cassilly, Eckardt, Edwards, Hershey, Hough, Jennings, Norman, Ready, Reilly, Salling, Serafini, Simonaire, and Waugh**

Introduced and read first time: January 28, 2016

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Transfer Tax – Distribution of Revenue**

3 FOR the purpose of reducing certain transfers from a certain special fund to the General  
4 Fund of the State for certain fiscal years; requiring in certain fiscal years the  
5 distribution of certain amounts from a certain special fund for certain purposes;  
6 providing that certain distributions may not be utilized or considered for certain  
7 purposes; and generally relating to the distribution of State transfer tax revenue.

8 BY repealing and reenacting, without amendments,  
9 Article – Tax – Property  
10 Section 13–209(f) and (g)  
11 Annotated Code of Maryland  
12 (2012 Replacement Volume and 2015 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article – Tax – Property  
15 Section 13–209(h)  
16 Annotated Code of Maryland  
17 (2012 Replacement Volume and 2015 Supplement)

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

20 **Article – Tax – Property**

21 13–209.

22 (f) (1) (i) Except as provided in subparagraphs (ii) and (iii) of this  
23 paragraph, for any fiscal year in which the actual transfer tax revenue collections are

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 greater than the revenue estimates used as the basis for the appropriations required under  
2 this section for the fiscal year, the amount of the excess shall be allocated to the special  
3 fund under subsection (a) of this section as provided under subsections (c) and (d) of this  
4 section for the second fiscal year following the fiscal year in which there is an excess.

5 (ii) Notwithstanding subparagraph (i) of this paragraph or any other  
6 provision of law, \$21,776,868 of the transfer tax collected but not appropriated or  
7 transferred in fiscal 2004 shall be transferred to the General Fund of the State.

8 (iii) Notwithstanding subparagraph (i) of this paragraph or any other  
9 provision of law, in any fiscal year in which an appropriation or transfer is made from the  
10 special fund to the General Fund, if the actual transfer tax revenue collections for the prior  
11 fiscal year exceed the budget estimate for the prior fiscal year, the excess shall be allocated  
12 in the current fiscal year for Program Open Space, the Agricultural Land Preservation  
13 Fund, the Rural Legacy Program, and the Heritage Conservation Fund. Funds made  
14 available under this subparagraph shall be allocated as provided under subsection (d) of  
15 this section.

16 (2) For any fiscal year in which the actual transfer tax revenue collections  
17 are less than the revenue estimates used as the basis for the appropriations required under  
18 this section, the amount of the deficiency shall be reconciled as follows:

19 (i) for the first \$3,000,000 of any deficiency, the allocation to the  
20 special fund under subsection (a) of this section as provided under subsections (c) and (d)  
21 of this section for the second fiscal year following the deficiency shall be reduced by either  
22 the amount of the deficiency or \$3,000,000, whichever is less;

23 (ii) for any deficiency in excess of \$3,000,000, the amount in excess  
24 of \$3,000,000 shall be reconciled either by the reduction of the allocation to the special fund  
25 under subsection (a) of this section as provided under subsections (c) and (d) of this section  
26 for the second fiscal year following the deficiency or by the deauthorization of projects  
27 authorized in prior fiscal years;

28 (iii) for the allocation of the special fund under subsection (a) of this  
29 section, in the fiscal year beginning July 1, 2016, transfer tax revenue under-attainment  
30 from the fiscal year beginning July 1, 2014, will not be applied; and

31 (iv) transfer tax revenue in fiscal year 2015, that is in excess of  
32 \$161,016,000 may be transferred by budget amendment in fiscal year 2016 for:

33 1. administrative expenses related to land acquisition for  
34 Program Open Space;

35 2. critical maintenance projects in the Department of  
36 Natural Resources;

1                   3.     Natural Resources Development Fund projects in the  
2 Department of Natural Resources; and

3                   4.     replacement of General Fund appropriations in the  
4 Maryland Park Service.

5                   (3)    (i)     Any amounts to be deauthorized from prior fiscal years under  
6 paragraph (2)(ii) of this subsection shall be proposed by the Governor in the budget of the  
7 second fiscal year following the fiscal year in which there is a deficiency.

8                   (ii)    An amount may be deauthorized under this paragraph only as  
9 provided in the State budget bill, as enacted.

10                  (g)    (1)     Notwithstanding § 7–311(j) of the State Finance and Procurement  
11 Article, subject to paragraph (3) of this subsection, for fiscal year 2019 and for each  
12 subsequent fiscal year, if the unappropriated General Fund surplus as of June 30 of the  
13 second preceding year exceeds \$10,000,000, the Governor shall include in the budget bill a  
14 General Fund appropriation to the special fund under subsection (a) of this section in an  
15 amount equal to at least the lesser of \$50,000,000 or the excess surplus over \$10,000,000.

16                  (2)     For any fiscal year to which this subsection applies:

17                   (i)     unless the unappropriated General Fund surplus as of June 30  
18 of the second preceding fiscal year exceeds the sum of \$10,000,000 and the amount required  
19 to be appropriated to the special fund under paragraph (1) of this subsection, the  
20 appropriation to the Revenue Stabilization Account under § 7–311(j) of the State Finance  
21 and Procurement Article is not required; and

22                   (ii)    if the unappropriated General Fund surplus as of June 30 of the  
23 second preceding fiscal year exceeds the sum of \$10,000,000 and the amount required to be  
24 appropriated to the special fund under paragraph (1) of this subsection, the appropriation  
25 required to the Revenue Stabilization Account under § 7–311(j) of the State Finance and  
26 Procurement Article shall equal the amount by which that surplus exceeds the sum of  
27 \$10,000,000 and the amount appropriated to the special fund under paragraph (1) of this  
28 subsection.

29                  (3)    (i)     The cumulative amount required to be appropriated to the  
30 special fund under paragraph (1) of this subsection for all fiscal years shall equal the  
31 cumulative amount of any appropriation or transfer from the special fund to the General  
32 Fund for fiscal year 2006 and for each subsequent fiscal year, reduced by:

33                   1.     the amount of any appropriation or transfer from the  
34 General Fund to the special fund for any fiscal year in excess of the amount required under  
35 paragraph (1) of this subsection for that fiscal year; and

1                   2.     the amount of any appropriation or transfer from the  
2 General Fund to the special fund for any fiscal year in which the appropriation under  
3 paragraph (1) of this subsection is not required.

4                   (ii)    This subsection does not apply to any fiscal year if a cumulative  
5 amount has been appropriated to the special fund for prior fiscal years under this  
6 subsection equal to the cumulative amount of any appropriation or transfer from the special  
7 fund to the General Fund for fiscal year 2006 and for each subsequent fiscal year, reduced  
8 by:

9                   1.     the amount of any appropriation or transfer from the  
10 General Fund to the special fund for any fiscal year in excess of the amount required under  
11 paragraph (1) of this subsection for that fiscal year; and

12                  2.     the amount of any appropriation or transfer from the  
13 General Fund to the special fund for any fiscal year in which the appropriation under  
14 paragraph (1) of this subsection is not required.

15           (h)    (1)    The distributions required under this subsection may not be utilized or  
16 considered for the purposes of calculating any allocation or appropriation under subsection  
17 (f) or (g) of this section.

18                  (2)    Notwithstanding any other provision of law, the Governor may transfer  
19 funds from the special fund established under this section to the General Fund as follows:

- 20                   (i)     on or before June 30, 2014, \$89,198,555;
- 21                   (ii)    for the fiscal year beginning July 1, 2014, \$144,188,544;
- 22                   (iii)   for the fiscal year beginning July 1, 2015, \$115,366,700;
- 23                   (iv)   for the fiscal year beginning July 1, 2016, ~~[\$82,771,000]~~  
24 **\$62,771,000**; and
- 25                   (v)     for the fiscal year beginning July 1, 2017, ~~[\$86,028,000]~~  
26 **\$46,028,000**.

27           SECTION 2. AND BE IT FURTHER ENACTED, That:

28           (a)    Notwithstanding any other provision of law:

29                  (1)    in the fiscal year beginning July 1, 2016, \$20,000,000 shall be  
30 distributed from the special fund established in § 13-209 of the Tax – Property Article as  
31 follows:

32   Program Open Space – State.....\$4,000,000

1	Program Open Space – Local.....	\$5,000,000
2	Rural Legacy .....	\$4,862,000
3	Critical Maintenance .....	\$2,000,000
4	Natural Resources Development Fund .....	\$138,000
5	Ocean City Beach Maintenance .....	\$500,000
6	Maryland Agricultural Land Preservation Fund .....	\$3,500,000; and

7           (2) in the fiscal year beginning July 1, 2017, \$40,000,000 shall be  
8 distributed from the special fund established in § 13–209 of the Tax – Property Article as  
9 follows:

10	Program Open Space – State.....	\$3,412,000
11	Program Open Space – Local.....	\$11,000,000
12	Rural Legacy .....	\$9,000,000
13	Critical Maintenance .....	\$2,000,000
14	Natural Resources Development Fund .....	\$5,088,000
15	Ocean City Beach Maintenance .....	\$500,000
16	Maryland Agricultural Land Preservation Fund .....	\$9,000,000.

17           (b) The distributions required under this section of this Act may not be utilized  
18 or considered for the purposes of calculating any allocation or appropriation under §  
19 13–209(f) or (g) of the Tax – Property Article.

20           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
21 1, 2016.