

**Department of Legislative Services**  
Maryland General Assembly  
2017 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 945  
Ways and Means  
(Delegate Conaway)

---

**Baltimore City Public Schools Vendor Contribution to Education Trust Fund**

---

This bill establishes the Baltimore City Public School Vendor Contribution to Education Trust Fund within the Maryland State Department of Education. A vendor under a State contract in Baltimore City or under a contract with Baltimore City can allow a purchaser to “round up” the purchase price of products or services for sale by the vendor, with the excess payment deposited in the fund. A purchaser that makes a “round up” contribution is entitled to a charitable deduction in accordance with Internal Revenue Service regulations. Proceeds from the fund may only be used by the Baltimore City Public School System for student supplies, school libraries, and teacher salaries and may not substitute for State general fund appropriations. The fund is subject to audit by the Office of Legislative Audits.

The bill takes effect July 1, 2017.

---

**Fiscal Summary**

**State Effect:** None. State and Baltimore City agencies (the “purchasers” under State and Baltimore City contracts) do not have authority in current law to pay vendors more for a product or service than the contracted price. Therefore, no money accrues to the fund.

**Local Effect:** None. Baltimore City Public Schools does not receive any additional revenue because no money accrues to the fund, as discussed further below. No effect on local expenditures.

**Small Business Effect:** None.

---

## Analysis

**Bill Summary:** The purpose of the fund is to:

- enhance cooperation between State and Baltimore City vendors and the Baltimore City Public School System;
- encourage the donation of private money to expand the outreach capacity of the Baltimore City Public School System; and
- strengthen the development of community involvement in public education in the Baltimore City Public School System.

Vendors under State and Baltimore City contracts must tally and accumulate the excess payments they receive from purchasers and transmit those amounts quarterly to the Comptroller to be credited to the fund. Within 30 days after the end of each quarter, the Comptroller must transmit money in the fund to the Baltimore City Public School System. Expenditures from the fund must be made in accordance with an appropriation approved by the General Assembly in the annual State budget or by budget amendment.

The fund is a special, nonlapsing fund; the Treasurer must invest money from the fund, and any interest that accrues remains in the fund and is not paid to the general fund.

The State Board of Education must adopt regulations to implement the bill.

**Current Law:** The vast majority of State contracts are awarded either by competitive sealed bidding or competitive sealed proposals. State contracts awarded by competitive sealed bidding are awarded to the responsible bidder with the lowest responsive bid. State contracts awarded by competitive sealed proposals are awarded to the responsible offeror whose proposal is most advantageous to the State. Regardless of how a contract is awarded, however, State agencies are not allowed to pay a vendor more than the contracted price for any item or service without a modification to the contract under State procurement law. It is assumed that Baltimore City agencies are subject to similar prohibitions with respect to city contracts.

---

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland State Department of Education; Department of Budget and Management; Department of General Services; Department of Legislative Services (Office of Legislative Audits); Department of Legislative Services

**Fiscal Note History:** First Reader - February 23, 2017  
mm/rhh

---

Analysis by: Michael C. Rubenstein

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510