

SENATE BILL 1258

F1, F2, C7

8lr0178
CF HB 1815

By: **The President (By Request – Administration)**

Constitutional Requirements Complied with for Introduction in the last 35 Days of Session

Introduced and read first time: March 7, 2018

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Commitment to Education Act of 2018**

3 FOR the purpose of requiring money in the Education Trust Fund to be expended in a
4 certain manner in certain fiscal years; requiring certain percentages of the money in
5 the Education Trust Fund to be supplemental to funding for certain programs and
6 formulas beginning in a certain fiscal year; prohibiting the use of certain funds on
7 school construction projects that the State has approved for planning and for which
8 a local education agency has paid some portion of the State share with local funds;
9 and generally relating to the Education Trust Fund.

10 BY repealing and reenacting, without amendments,
11 Article – State Government
12 Section 9–1A–27
13 Annotated Code of Maryland
14 (2014 Replacement Volume and 2017 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – State Government
17 Section 9–1A–30
18 Annotated Code of Maryland
19 (2014 Replacement Volume and 2017 Supplement)

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

22 **Article – State Government**

23 9–1A–27.

24 (a) Except as provided in subsections (b) and (c) of this section and §

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 9–1A–26(a)(3) of this subtitle, on a properly approved transmittal prepared by the
2 Commission, the Comptroller shall pay the following amounts from the proceeds of video
3 lottery terminals at each video lottery facility:

4 (1) (i) on or before March 31, 2015, 2% to the State Lottery and Gaming
5 Control Agency for costs as defined in § 9–1A–01 of this subtitle; and

6 (ii) beginning April 1, 2015, 1% to the State Lottery and Gaming
7 Control Agency for costs as defined in § 9–1A–01 of this subtitle;

8 (2) to the video lottery operation licensee, the percentage stated in the
9 accepted application for the location, not to exceed, except as provided in subsection (b) of
10 this section, 33%;

11 (3) 5.5% in local impact grants, in accordance with § 9–1A–31 of this
12 subtitle;

13 (4) 6% to the Purse Dedication Account established under § 9–1A–28 of this
14 subtitle, not to exceed a total of \$100,000,000 to the Account annually;

15 (5) (i) until the issuance of a video lottery operation license in
16 Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under §
17 9–1A–29 of this subtitle and distributed in accordance with that section; and

18 (ii) on or after the issuance of a video lottery operation license in
19 Baltimore City, 1% to the Racetrack Facility Renewal Account established under §
20 9–1A–29 of this subtitle and distributed in accordance with that section, not to exceed a
21 total of \$20,000,000 to the Account annually;

22 (6) (i) except as provided in items (ii) and (iii) of this item, 1.5% to the
23 Small, Minority, and Women–Owned Businesses Account established under § 5–1501 of
24 the Economic Development Article;

25 (ii) for fiscal year 2018, 1.5% to the General Fund to pay a portion of
26 the costs of the grants provided under Chapters 6 and 607 of the Acts of the General
27 Assembly of 2017;

28 (iii) for fiscal years 2019 and 2020, 1.5% to the Education Trust Fund
29 established under § 9–1A–30 of this subtitle; and

30 (iv) beginning in fiscal year 2021, from the amount paid to the Small,
31 Minority, and Women–Owned Businesses Account under item (i) of this item, up to 5%, not
32 to exceed \$1,000,000, to the Nonprofit, Interest–Free, Micro Bridge Loan (NIMBL) Account
33 established under § 5–1204 of the Economic Development Article;

34 (7) (i) except as provided in items (ii) and (iii) of this item, 6% to the
35 video lottery operation licensee if the video lottery operation licensee owns or leases each

1 video lottery terminal device and the associated equipment and software;

2 (ii) 8% to the video lottery operation licensee in Anne Arundel
3 County; and

4 (iii) 10% to the video lottery operation licensee in Allegany County or
5 Worcester County if the video lottery operation licensee assumes ownership or the right to
6 lease each video lottery terminal device and the associated equipment and software used
7 by the facility before January 1, 2019;

8 (8) beginning after the issuance of a video lottery operation license for a
9 video lottery facility in Prince George's County, 8% to the video lottery operation licensee
10 in Anne Arundel County and 7% to the licensee in Baltimore City for:

11 (i) marketing, advertising, and promotional costs required under §
12 9-1A-23 of this subtitle; and

13 (ii) capital improvements at the video lottery facilities; and

14 (9) the remainder to the Education Trust Fund established under §
15 9-1A-30 of this subtitle.

16 (b) (1) Beginning July 1, 2013, for a video lottery facility in Worcester County
17 with less than 1,000 video lottery terminals, the percentage in subsection (a)(2) of this
18 section is equal to 43% provided that each year an amount equivalent to 2.5% of the
19 proceeds from video lottery terminals at the video lottery facility is spent on capital
20 improvements at the video lottery facility.

21 (2) After the first 10 years of operations at a video lottery facility in
22 Allegany County, the percentage:

23 (i) in subsection (a)(2) of this section is equal to 43% provided that
24 each year an amount equivalent to 2.5% of the proceeds from video lottery terminals at the
25 video lottery facility is spent on capital improvements at the video lottery facility; and

26 (ii) in subsection (a)(1) of this section is equal to 2%.

27 (3) For a video lottery facility in Prince George's County, the percentage in
28 subsection (a)(2) of this section stated in the accepted application for the location may not
29 exceed 38%.

30 (c) (1) For the first 10 years of operations at a video lottery facility in Allegany
31 County, on a properly approved transmittal prepared by the Commission, the Comptroller
32 shall pay the following amounts from the proceeds of video lottery terminals at a video
33 lottery facility in Allegany County:

34 (i) 1% to the State Lottery and Gaming Control Agency for costs as

1 defined in § 9–1A–01 of this subtitle;

2 (ii) to the video lottery operation licensee, the percentage stated in
3 the accepted application for the location, not to exceed 50%;

4 (iii) 3.75% in local impact grants, in accordance with § 9–1A–31 of
5 this subtitle;

6 (iv) 2.5% to the Purse Dedication Account established under §
7 9–1A–28 of this subtitle;

8 (v) 1. except as provided in items 2 and 3 of this item, 0.75% to
9 the Small, Minority, and Women–Owned Businesses Account established under § 5–1501
10 of the Economic Development Article;

11 2. for fiscal year 2018, 0.75% to the General Fund to pay a
12 portion of the costs of the grants provided under Chapters 6 and 607 of the Acts of the
13 General Assembly of 2017; and

14 3. for fiscal years 2019 and 2020, 0.75% to the Education
15 Trust Fund established under § 9–1A–30 of this subtitle; and

16 (vi) the remainder to the Education Trust Fund established under §
17 9–1A–30 of this subtitle.

18 (2) After the first 10 years of operations at a video lottery facility in
19 Allegany County, the proceeds generated at the facility in Allegany County shall be
20 allocated as provided in subsections (a) and (b) of this section.

21 (d) (1) Each video lottery operation licensee shall retain 80% of the proceeds
22 of table games at the video lottery facility.

23 (2) On a properly approved transmittal prepared by the Commission, the
24 Comptroller shall pay the following amounts from the proceeds of table games at each video
25 lottery facility:

26 (i) 5% to the local jurisdiction in which the video lottery facility is
27 located, provided that:

28 1. 50% of the proceeds paid to Baltimore City shall be used
29 to fund school construction projects; and

30 2. 50% of the proceeds paid to Baltimore City shall be used
31 to fund the maintenance, operation, and construction of recreational facilities; and

32 (ii) 15% to the Education Trust Fund established under § 9–1A–30
33 of this subtitle.

1 (e) (1) If the costs of the State Lottery and Gaming Control Agency are less
2 than the proceeds specified in subsection (a)(1) of this section, any amount not distributed
3 to the State Lottery and Gaming Control Agency shall be paid to the Education Trust Fund
4 established under § 9–1A–30 of this subtitle.

5 (2) The costs of the Commission shall be as provided in the State budget.

6 (f) On or before December 1, 2019, and every year thereafter, the State Lottery
7 and Gaming Control Commission shall report to the Governor and, in accordance with §
8 2–1246 of this article, the General Assembly on the distribution of proceeds of video lottery
9 terminals to licensees for the procurement of video lottery terminals; marketing,
10 advertising, and promotional costs; and capital improvements and the distributions of local
11 impact grants to jurisdictions under § 9–1A–31 of this subtitle.

12 (g) Baltimore City shall report to the Baltimore City Senate and House
13 Delegations by December 31 of each year as to the distribution and use of the funds
14 provided under subsection (d) of this section.

15 9–1A–30.

16 (a) There is an Education Trust Fund which is a special, nonlapsing fund that is
17 not subject to § 7–302 of the State Finance and Procurement Article.

18 (b) (1) There shall be credited to the Education Trust Fund all proceeds
19 allocated to the Fund under § 9–1A–27 of this subtitle.

20 (2) Money in the Education Trust Fund shall be invested and reinvested
21 by the Treasurer, and interest and earnings shall accrue to the Fund.

22 (c) Money in the Education Trust Fund shall be [used to] **EXPENDED IN THE**
23 **FOLLOWING MANNER:**

24 **(1) IN FISCAL YEAR 2019, AS PROVIDED IN THE STATE BUDGET;**

25 **(2) IN FISCAL YEAR 2020:**

26 **(I) \$125,000,000 FOR SCHOOL SAFETY CAPITAL COSTS**
27 **GRANTS, AS RECOMMENDED BY THE INTERAGENCY COMMITTEE ON SCHOOL**
28 **CONSTRUCTION AND APPROVED BY THE BOARD OF PUBLIC WORKS;**

29 **(II) \$50,000,000 FOR THE SAFE SCHOOLS FUND ESTABLISHED**
30 **UNDER § 7–1605 OF THE EDUCATION ARTICLE FOR SCHOOL SAFETY GRANTS;**

31 **(III) \$25,000,000 FOR PUBLIC ELEMENTARY AND SECONDARY**
32 **EDUCATION; AND**

1 (IV) ANY REMAINING FUNDS FOR PAY-AS-YOU-GO (PAYGO)
2 FUNDING FOR THE STATE SHARE OF THE COST OF PUBLIC SCHOOL CONSTRUCTION
3 PROJECTS AND PUBLIC SCHOOL CAPITAL IMPROVEMENTS IN ACCORDANCE WITH §§
4 5-301 THROUGH 5-303 OF THE EDUCATION ARTICLE.

5 (3) IN FISCAL YEAR 2021:

6 (I) \$50,000,000 FOR THE SAFE SCHOOLS FUND ESTABLISHED
7 UNDER § 7-1605 OF THE EDUCATION ARTICLE FOR SCHOOL SAFETY GRANTS;

8 (II) \$150,000,000 FOR FUNDING PUBLIC ELEMENTARY AND
9 SECONDARY EDUCATION;

10 (III) \$100,000,000 FOR PAY-AS-YOU-GO (PAYGO) FUNDING
11 FOR THE STATE SHARE OF THE COST OF PUBLIC SCHOOL CONSTRUCTION PROJECTS
12 AND PUBLIC SCHOOL CAPITAL IMPROVEMENTS IN ACCORDANCE WITH §§ 5-301
13 THROUGH 5-303 OF THE EDUCATION ARTICLE; AND

14 (IV) ANY REMAINING FUNDS FOR PUBLIC ELEMENTARY AND
15 SECONDARY EDUCATION;

16 (4) IN FISCAL YEAR 2022:

17 (I) \$50,000,000 FOR THE SAFE SCHOOLS FUND ESTABLISHED
18 UNDER § 7-1605 OF THE EDUCATION ARTICLE FOR SCHOOL SAFETY GRANTS;

19 (II) \$250,000,000 FOR PUBLIC ELEMENTARY AND SECONDARY
20 EDUCATION;

21 (III) \$100,000,000 FOR PAY-AS-YOU-GO (PAYGO) FUNDING
22 FOR THE STATE SHARE OF THE COST OF PUBLIC SCHOOL CONSTRUCTION PROJECTS
23 AND PUBLIC SCHOOL CAPITAL IMPROVEMENTS IN ACCORDANCE WITH §§ 5-301
24 THROUGH 5-303 OF THE EDUCATION ARTICLE; AND

25 (IV) ANY REMAINING FUNDS FOR PUBLIC ELEMENTARY AND
26 SECONDARY EDUCATION; AND

27 (5) IN FISCAL YEAR 2023 AND EACH FISCAL YEAR THEREAFTER:

28 (I) \$50,000,000 FOR THE SAFE SCHOOLS FUND ESTABLISHED
29 UNDER § 7-1605 OF THE EDUCATION ARTICLE FOR SCHOOL SAFETY GRANTS;

1 **(II) \$350,000,000 FOR PUBLIC ELEMENTARY AND SECONDARY**
2 **EDUCATION;**

3 **(III) \$100,000,000 FOR PAY-AS-YOU-GO (PAYGO) FUNDING**
4 **FOR THE STATE SHARE OF THE COST OF PUBLIC SCHOOL CONSTRUCTION PROJECTS**
5 **AND PUBLIC SCHOOL CAPITAL IMPROVEMENTS IN ACCORDANCE WITH §§ 5-301**
6 **THROUGH 5-303 OF THE EDUCATION ARTICLE; AND**

7 **(IV) ANY REMAINING FUNDS FOR PUBLIC ELEMENTARY AND**
8 **SECONDARY EDUCATION**

9 [(1) providing funding for public elementary and secondary education,
10 through continuation of the funding and formulas established under the programs
11 commonly known as the Bridge to Excellence in Public Schools Act, first enacted by Chapter
12 288 of the Acts of the General Assembly of 2002, including the funding for regional
13 differences in the cost of education under § 5-202(f) of the Education Article;

14 (2) provide funds to construct public school buildings and provide public
15 school capital improvements in accordance with §§ 5-301 through 5-303 of the Education
16 Article;

17 (3) provide funds for capital projects at community colleges and public
18 senior higher education institutions; and

19 (4) provide funds to expand public early childhood education programs in
20 the State].

21 **(D) THE FUNDS IN SUBSECTION (C) OF THIS SECTION THAT ARE**
22 **DESIGNATED FOR PAY-AS-YOU-GO (PAYGO) FUNDING FOR THE STATE SHARE OF**
23 **THE COST OF PUBLIC SCHOOL CONSTRUCTION PROJECTS AND PUBLIC SCHOOL**
24 **CAPITAL IMPROVEMENTS MAY NOT BE EXPENDED ON A SCHOOL CONSTRUCTION**
25 **PROJECT THAT THE STATE HAS APPROVED FOR PLANNING AND FOR WHICH A LOCAL**
26 **EDUCATION AGENCY HAS PAID SOME PORTION OF THE STATE SHARE WITH LOCAL**
27 **FUNDS.**

28 [(d)] **(E) (1)** Expenditures from the Education Trust Fund shall be made each
29 fiscal year in accordance with the State budget.

30 **(2) BEGINNING IN FISCAL YEAR 2020, THE FOLLOWING**
31 **PERCENTAGES OF THE EDUCATION TRUST FUND SHALL BE USED TO SUPPLEMENT,**
32 **NOT SUPPLANT, FUNDING FOR PROGRAMS AND FORMULAS ESTABLISHED UNDER**
33 **THE EDUCATION ARTICLE, INCLUDING THE STATE COST SHARE PERCENTAGE OF**
34 **PUBLIC SCHOOL CONSTRUCTION PROJECTS ESTABLISHED IN BOARD OF PUBLIC**
35 **WORKS REGULATIONS:**

- 1 **(I) IN FISCAL YEAR 2020, 40%;**
- 2 **(II) IN FISCAL YEAR 2021, 60%;**
- 3 **(III) IN FISCAL YEAR 2022, 80%; AND**
- 4 **(IV) IN FISCAL YEAR 2023 AND EACH FISCAL YEAR THEREAFTER,**
- 5 **100%.**

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 October 1, 2018.