HB 152

Department of Legislative Services

Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 152 (The Speaker)(By Request - Administration)
Appropriations

Budget Reconciliation and Financing Act of 2020

This Administration bill executes actions to increase revenues, provide mandate relief, contain costs, and reduce future year general fund expenditures. **The bill takes effect June 1, 2020.**

Fiscal Summary

State Effect: General fund revenues increase by $62.0 million in FY 2020 and by $174.9 million in FY 2021. General fund expenditures decrease by $490.6 million in FY 2021. The effects on the general fund are primarily due to mandate relief and cost control measures. Special fund revenues decrease by $62.0 million in FY 2020 and by $256.7 million in FY 2021. Special fund expenditures decrease by $73.0 million in FY 2021. Federal funds (shown) and nonbudgeted funds (not shown) are also affected. Future estimates reflect the ongoing effects of the bill. **The bill affects existing mandated appropriations.**

($ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
GF Revenue	$62.0	$174.9	$260.2	$195.2	$133.3
SF Revenue	($62.0)	($256.7)	($305.9)	($228.3)	($178.8)
FF Revenue	$0	($44.1)	($51.9)	($54.5)	($57.2)
GF Expenditure	$0	($490.6)	($182.4)	($218.4)	($249.2)
SF Expenditure	$0	($73.0)	($39.6)	($26.8)	($39.2)
FF Expenditure	$0	($44.1)	($51.9)	($54.4)	($57.0)
Net Effect	$0.0	$481.7	$176.3	$211.9	$242.7

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local finances are affected beginning in fiscal 2020, as discussed below.

Small Business Effect: The Administration has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: A brief overview of the bill's provisions is provided below. In general, the bill's actions increase revenues, provide mandate relief, contain costs, swap funds, and reduce future year general fund expenditures, in addition to various administrative and other actions.

Mandate Relief

- Repeals the requirement that the Governor provide $1.6 million in general funds for the Baltimore Symphony Orchestra in fiscal 2021.
- Repeals the National Capital Strategic Economic Development Program, including the related funding mandate.
- Rebases the level of general funds that the Governor must provide for the Senator John A. Cade Funding Formula for the Distribution of Funds to Community Colleges in fiscal 2021, specifies the distribution among community colleges, and alters the formula for future growth beginning in fiscal 2022 to the level of general fund growth.
- Repeals the requirement that the Governor provide funding for the Community College Facilities Renewal Program beginning in fiscal 2021 and allows funding for the program to also be provided in the capital budget, rather than only the operating budget.
- Rebases the level of general funds that the Governor must provide for the Joseph A. Sellinger formula for qualifying institutions, specifies the distribution among institutions, and alters the formula for future growth beginning in fiscal 2022 to one percentage point less than general fund growth.
- Repeals the requirement that the Governor fund the Maryland Public Broadcasting Commission at specified levels.
- Reduces the rate increase the Governor must provide to community service providers, behavioral health providers, and certain Medicaid providers from 4.0% to 2.0% in fiscal 2021 only.
- Repeals the requirement that the Governor provide funding for the Seed Community Development Anchor Institution Program, and, beginning in fiscal 2021, reduces the statutory level of the funding authorization for the program from $10.0 million to $5.0 million annually.
- Reduces the required appropriation from the premium tax on health insurers to the Maryland Health Benefit Exchange from $35.0 million to $32.0 million annually beginning in fiscal 2021.
- Reduces a mandated grant to the City of Annapolis from $750,000 to $367,000 and eliminates the requirement that the grant amount increase with inflation each year.

- Repeals the requirement, for fiscal 2021 only, that the Governor include two separate appropriations to the State Retirement and Pension System Trust Fund and the Postretirement Health Benefits Trust Fund.
- Reduces the repayment of $200.0 million to the Local Reserve Account from $33.3 million to $10.0 million annually and alters the repayment mechanism from an appropriation to a direct distribution from general fund revenues.
- Alters the required fiscal 2021 reduction in the Medicaid Deficit Assessment in the Medicaid program from $25.0 million to $15.0 million and increases the required reduction in fiscal 2022 from $25.0 million to $35.0 million.
- Ends the required annual transfer of $1.5 million from the Strategic Energy Investment Fund to the Maryland Energy Innovation Fund two years early by removing the mandated appropriation in fiscal 2021 and 2022.

Fund Swaps, Cost Shifts, and Cost Control

- Repeals the requirement that the Governor provide printed copies of the budget books to the Maryland General Assembly and the Department of Legislative Services and that the Department of Budget and Management archive the information on its website.
- Clarifies the use of the Blueprint for Maryland's Future Fund to include Maryland prekindergarten expansion grants funded by the Maryland State Department of Education.
- Alters the use of the Carefirst premium tax exemption beginning in fiscal 2021.
- Slows the full phase-in of the revenue volatility adjustment from fiscal 2022 to 2026.
- Decreases, for fiscal 2021 only, the maximum amount of film production activity tax credits that the Secretary of Commerce may award from $14.0 million to $10.0 million.
- Increases, from 50% to 60%, the amount that each county and Baltimore City must reimburse the State Department of Assessments and Taxation for certain property tax assessment costs.
- Limits growth in fiscal 2021 rates paid to providers with rates set by the Interagency Rates Committee to no more than 2.0% over the rates in effect on June 30, 2020.
- Authorizes the transfer of $199,517 from the Board of Physicians Fund in the Maryland Department of Health (MDH) to the Office of the Secretary in MDH to repay general funds expended by MDH for the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants (MLARP).
- Authorizes the transfer of $400,000 in fund balance from the Board of Physicians Fund in MDH to the Maryland Higher Education Commission for MLARP.

- Diverts $5.0 million of the distribution of Highway User Revenues to Baltimore City to the Maryland Department of Transportation from fiscal 2021 through 2024 to support capital improvements for the Howard Street Tunnel project.
- Authorizes, for fiscal 2021 only, the Governor to transfer $43.9 million from the balance in the Dedicated Purpose Account designated for Program Open Space repayment to the general fund.
- Authorizes $12.0 million of the fiscal 2020 appropriation in the Dedicated Purpose Account provided for the Washington Metropolitan Area Transit Authority capital grant and $50.0 million of the fiscal 2020 appropriation in the Dedicated Purpose Account provided for the State Retirement and Pension System reinvestment contributions, but restricted for another purpose by the General Assembly, to revert to the general fund in fiscal 2020.

Administrative and Other Actions

- Requires the Comptroller to publish quarterly advertisements in newspapers directing readers to the searchable electronic abandoned property database located on the Comptroller's website.
- Repeals the requirement that certain fiscal 2020 nonwithholding income tax revenues be used to provide a cost-of-living adjustment of up to 2.0% for certain employees, effective July 1, 2020.
- Restructures transfer tax repayments to reschedule $43.9 million that was not released from the Dedicated Purpose Account in fiscal 2020 and is authorized to be transferred by Section 10 of this bill.
- Reduces the fiscal 2021 funding that the Governor must provide to the Revenue Stabilization Account by $284.4 million.

Current Law: The Maryland Constitution requires the Governor to submit, and the General Assembly to pass, a balanced budget. The General Assembly cannot add spending to the budget introduced by the Governor, nor can general funds be used to restore reductions made by the General Assembly after adoption of the budget, except through an approved deficiency appropriation in the following year's budget.

Background: In December 2019, the Spending Affordability Committee recommended that the fiscal 2021 budget eliminate 100% of the structural deficit forecast for fiscal 2021 and leave a closing general fund balance of at least $100.0 million. The committee also recommended maintaining a Rainy Day Fund balance of at least 6.0% of estimated general fund revenues. The Governor's proposed fiscal 2021 budget, as introduced, fell short of structural balance by $37.0 million and left a $108.5 million closing fund balance.

State Effect: Estimates of the fiscal 2020 and 2021 impact of the bill on the State general fund, totaling $727.4 million, are shown in **Exhibit 1**.

A discussion of each provision in the bill is provided in **Appendix A** (beginning on page 7). The fiscal 2020 through 2025 State effects for each provision, including the general fund impacts, the effects on any other fund types, and other related information are included with the discussions. **Appendix B** (beginning on page 52) identifies the fiscal impact of separate provisions by fund type, while **Appendix C** includes the effects of selected provisions on local government finances.

Exhibit 1
General Fund Impact of the Budget Reconciliation and Financing Act of 2020
Fiscal 2020 and 2021
($ in Millions)

	FY 2020	**FY 2021**
Revenues		
Mandate Relief/Revenue Redistribution	$0.0	($7.0)
Cost Containment/Control, and Other Actions	62.0	181.9
Revenue Subtotal	*62.0*	*174.9*
Expenditures		
Mandate Relief	$0.0	($201.7)
Fund Swaps, Cost Shifts, and Other Actions	0.0	(288.8)
Expenditure Subtotal	*0.0*	*(490.6)*
Total Impact	**$62.0**	**$665.4**

Note: Numbers may not sum to total due to rounding.

Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Designated Cross File: SB 192 (The President)(By Request - Administration) - Budget and Taxation..

Information Source(s): Department of Commerce; Comptroller's Office; Maryland State Treasurer's Office; Maryland State Department of Education; Maryland Higher Education Commission; University System of Maryland; Maryland Public Television; Department of Budget and Management; Maryland Department of Health; Department of Housing and Community Development; Department of Natural Resources; Maryland Department of Transportation; State Department of Assessments and Taxation; Maryland Energy Administration; Health Benefit Exchange; Maryland Insurance Administration; State Retirement Agency; Maryland Independent College and University Association; Maryland Association of Counties; cities of Annapolis and Baltimore; Department of Legislative Services

Fiscal Note History: First Reader - February 25, 2020
rh/ljm

Analysis by: Stephen M. Ross

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Repeal Mandated Funding for the Baltimore Symphony Orchestra

Provision in the Bill: Repeals the requirement that the Governor provide $1.6 million in general funds for the Baltimore Symphony Orchestra (BSO) in fiscal 2021. The Governor's proposed fiscal 2021 budget includes a $1.6 million general fund reduction, contingent on the enactment of legislation eliminating the mandate.

Agency: Department of Commerce

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	($1.6)	$0	$0	$0	$0

State Effect: General fund expenditures for Commerce decrease by $1.6 million in fiscal 2021.

Local Effect: None.

Program Description/Recent History: Chapter 743 of 2019 required the Governor to provide $1.6 million annually to BSO in fiscal 2020 and 2021. Although there was no prior requirement that BSO receive State funding, in practice, BSO has received State support averaging $1.9 million annually for the past 10 years, including $2.1 million in fiscal 2019. Funding is typically provided through the Maryland State Arts Council, which receives a general fund appropriation each year for its various grant programs. Chapter 565 of 2019 (the fiscal 2020 budget bill) included language in Commerce restricting $1.6 million in general funds for BSO. These funds have not been released by the Governor.

Location of Provision in the Bill: Section 1 (p. 5)

Analysis prepared by: Emily R. Haskel

Repeal National Capital Strategic Economic Development Program and Funding Mandate

Provision in the Bill: Repeals the National Capital Strategic Economic Development Program, including a requirement that the Governor must provide a $200,000 general fund appropriation and a $7.0 million general fund pay-as-you-go (PAYGO) appropriation or general obligation (GO) bond authorization in fiscal 2021 through 2025. The Governor's proposed fiscal 2021 budget includes general fund reductions totaling $7.2 million, contingent on the enactment of legislation repealing the mandate.

Agency: Department of Housing and Community Development

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	($0.2)	($0.2)	($0.2)	($0.2)	($0.2)
GF PAYGO Exp	$0	($7.0)	($7.0)	($7.0)	($7.0)	($7.0)

State Effect: General fund expenditures decrease by $200,000 annually from fiscal 2021 through 2025; general fund PAYGO expenditures decrease by up to $7.0 million annually over the same period, depending how the Governor would have otherwise met the current mandate (general fund PAYGO or GO bonds). Providing funding through GO bonds does not affect overall State expenditures but does reallocate funding from other capital projects. Although not shown above, special fund revenues and expenditures decrease correspondingly.

Local Effect: Local revenues and expenditures decrease to the extent local housing authorities would have applied for and received program funds, as authorized under the program.

Program Description/Recent History: Chapter 732 of 2019 established the National Capital Strategic Economic Development Program and required the Governor to provide $200,000 in general funds for operating expenses and $7.0 million in bond/PAYGO funding from fiscal 2021 through 2025 for financial assistance to a special fund established under the program. The purpose of the program is to (1) provide strategic investment in local housing and businesses to encourage healthy, sustainable communities with a growing tax base and enhanced quality of life and (2) focus on areas where modest investment and coordinated strategies will have an appreciable neighborhood revitalization impact.

Location of Provision in the Bill: Section 2 (p. 5)

Analysis prepared by: Emily R. Haskel

Rebase and Alter the Senator John A. Cade Funding Formula for Local Community College Aid

Provisions in the Bill: Rebase the level of general funds that the Governor must provide for the Senator John A. Cade Funding Formula for the Distribution of Funds to Community Colleges in fiscal 2021 to $267,916,591, specify the distribution among community colleges, and alter the formula for future growth beginning in fiscal 2022 to the level of general fund growth. General fund growth is determined by the percentage point by which the projected total general fund revenues for the upcoming fiscal year exceed the revised estimate of total general fund revenues for the current fiscal year, as contained in the December report of the Board of Revenue Estimates. The Governor's proposed fiscal 2021 budget includes an $18.2 million general fund reduction for the Cade formula, contingent on the enactment of legislation reducing the growth in the Cade formula over the fiscal 2020 appropriation by 50%.

Agency: Maryland Higher Education Commission

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp.	$0	($18.2)	($45.4)	($90.2)	($102.8)	($120.7)

State Effect: General fund expenditures for the Cade formula decrease by $18.2 million in fiscal 2021. Out-year expenditures reflect the lower base upon which future growth is calculated and the alteration of the calculation for future growth.

Local Effect: Direct State aid for local community colleges decreases by $18.2 million in fiscal 2021, $45.4 million in fiscal 2022, $90.2 million in fiscal 2023, $102.8 million in fiscal 2024, and $120.7 million in fiscal 2025.

Program Description: The Cade formula makes up the majority of State funding for the 15 locally operated community colleges in the State. The total funds to be distributed through the formula are based on a percentage of the State's per full-time equivalent student (FTES) funding for select public four-year institutions of higher education. This per FTES amount is multiplied by total community college enrollment from the second prior year to arrive at the total formula amount for the colleges. Each college's share of the total is then based primarily on its proportion of formula funding from the prior year and enrollment. The proposed changes to the out-year funding formula de-link funding for the community colleges from the public four-year institutions and remove enrollment at the community colleges from the funding formula.

Recent History: Chapter 333 of 2006 began a phased enhancement of the Cade formula that has been adjusted frequently by budget reconciliation legislation. The most recent alteration reducing funding levels was enacted in the Budget Reconciliation and Financing Act of 2015, which reduced the fiscal 2016 appropriation by $9.0 million.

Location of Provisions in the Bill: Section 4 (pp. 7-12)

Analysis prepared by: Ian Klein

Repeal Mandate and Alter Funding of the Community College Facilities Renewal Program

Provisions in the Bill: Repeal the requirement that the Governor provide funding for the Community College Facilities Renewal Program beginning in fiscal 2021 and allow funding for the program to also be provided in the capital budget, rather than only the operating budget. The Governor's proposed fiscal 2021 budget includes a $4,333,000 general fund reduction, contingent on the enactment of legislation altering the mandate.

Agency: Maryland Higher Education Commission (MHEC)

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF PAYGO Exp	$0	($4.3)	$0	$0	$0	$0

State Effect: General fund pay-as-you-go (PAYGO) expenditures decrease by $4,333,000 in fiscal 2021. The Governor's proposed fiscal 2021 capital budget provides $4,223,000 of general obligation (GO) bond funds for the program, mostly replacing the PAYGO general funds, for a net reduction of $110,000 in that year. The 2020 *Capital Improvement Program* includes $4.0 million for the program (the anticipated level of the existing mandate) from fiscal 2022 through 2025. Providing funding through GO bonds does not affect overall State expenditures but does reallocate funding from other capital projects.

Local Effect: Community college revenues and expenditures decrease by $110,000 in fiscal 2021 and by as much as $4.0 million annually beginning in fiscal 2022 as a result of the repeal of the requirement that the Governor fund the program. The reduction could be less in the out-years if the Governor chooses to provide this funding or some portion of the funding through the operating or capital budgets.

Program Description: The Community College Facilities Renewal Grant Program provides grants for eligible facility renewal projects at Maryland's 16 community colleges, including Baltimore City Community College. MHEC administers the program. Grants provided by the program are in addition to, and may not supplant, funds provided by the Community College Construction Grant Program (CCCGP). The program is required to be funded by the Governor at 5.0% of the appropriation of CCCGP.

Location of Provisions in the Bill: Section 4 (p. 12)

Analysis prepared by: Caleb Weiss

Rebase and Alter the Sellinger Funding Formula

Provisions in the Bill: Rebase the level of general funds that the Governor must provide for the Joseph A. Sellinger formula for qualifying institutions to the fiscal 2020 appropriation ($59,024,905), specify the distribution among institutions, and alter the formula for future growth beginning in fiscal 2022 to one percentage point less than general fund growth. General fund growth is determined by the percentage point by which the projected total general fund revenues for the upcoming fiscal year exceed the revised estimate of total general fund revenues for the current fiscal year, as contained in the December report of the Board of Revenue Estimates. The Governor's proposed fiscal 2021 budget is reduced by $32.0 million, contingent on enactment of legislation to level fund the grant to private colleges and universities at the fiscal 2020 appropriation.

Agency: Maryland Higher Education Commission

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	($32.0)	($38.7)	($41.7)	($44.8)	($48.2)

State Effect: General fund expenditures for the Sellinger formula decrease by $32.0 million in fiscal 2021 to level fund the program at the fiscal 2020 appropriation. Out-year expenditures reflect the lower base upon which future growth is calculated and the alteration of the calculation for future growth.

Local Effect: None.

Program Description: The Joseph A. Sellinger Program provides State funding to 13 qualifying nonprofit independent colleges and universities. The Sellinger formula uses a percentage of the State's per full-time equivalent student (FTES) funding for select public four-year institutions of higher education to determine a per FTES funding amount for the independent institutions. Under current law, the mandated Sellinger percentage of per FTES funding at the four-year institutions is 15.5% for fiscal 2021 and thereafter. The proposed changes to the out-year funding formula de-link the funding for the nonprofit independent colleges and universities from the public four-year institutions and remove enrollment at the nonprofit independent colleges and universities from the funding formula, as shown in **Exhibit 1**.

Exhibit 1
Comparison of Funding Distribution by Enrollment
Fiscal 2021

Institution	Current Law	BRFA	$ Change BRFA/Current Law	% Change BRFA/Current Law
The Johns Hopkins University	$45,504,381	$29,019,524	-$16,484,857	-56.8%
Loyola College	9,877,993	6,534,728	-3,343,265	-51.2%
Stevenson University	6,615,819	4,358,920	-2,256,899	-51.8%
McDaniel College	4,825,157	2,771,043	-2,054,114	-74.1%
Maryland Institute College of Art	4,347,606	2,823,062	-1,524,544	-54.0%
Mount St. Mary's College	4,026,474	2,676,349	-1,350,125	-50.4%
Goucher College	3,481,644	2,466,084	-1,015,560	-41.2%
Washington College	2,893,275	2,012,424	-880,851	-43.8%
Hood College	2,882,901	1,834,286	-1,048,615	-57.2%
Notre Dame of Maryland University	2,600,462	1,842,589	-757,873	-41.1%
Washington Adventist University	1,681,763	1,171,808	-509,955	-43.5%
St. John's College	1,333,344	843,131	-490,213	-58.1%
Capitol Technology University	989,175	670,957	-318,218	-47.4%
Total	**$91,059,994**	**$59,024,905**	**-$32,035,089**	**-54.3%**

Source: Department of Budget and Management; Department of Legislative Services

Recent History: The Budget Reconciliation and Financing Act (BRFA) of 2012 set State funding per FTES at the fiscal 2013 level from fiscal 2014 through 2017 and reduced formula funding levels for fiscal 2018 through 2020. The BRFA of 2014 altered the funding percentages to increase support for eligible institutions sooner than originally planned. The BRFA of 2015 set Sellinger funding for fiscal 2016 at $42.8 million but did not alter the statutory percentages for future years. In fiscal 2020, funding of the formula was reduced by $0.4 million.

Location of Provisions in the Bill: Section 4 (pp. 12-15)

Analysis prepared by: Sara Baker

Repeal Mandated Funding for the Maryland Public Broadcasting Commission

Provisions in the Bill: Repeal the requirement that the Governor fund the Maryland Public Broadcasting Commission at the level of the current year appropriation as enacted by the General Assembly and increased by general fund growth. Repeal the requirement to provide an additional general fund appropriation if special fund expenditures from two federal grants are lower than was budgeted for the second preceding year in the amount of the difference. The Governor's proposed fiscal 2021 budget includes a $215,561 general fund reduction, contingent on the enactment of legislation repealing the increase in funding mandated by Chapter 813 of 2017.

Agency: Maryland Public Broadcasting Commission

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	($0.2)	($0.4)	($0.8)	($1.1)	($1.5)

State Effect: General fund expenditures decrease by $215,561 in fiscal 2021. Decreases to general fund expenditures in subsequent fiscal years are dependent upon estimated general fund revenue growth and special funds received from the Corporation for Public Broadcasting (CPB). *For illustrative purposes*, the impact on future funding is shown only for the estimated impact of general revenue growth as changes in CPB revenues are unknown.

Local Effect: None.

Recent History: Chapter 816 of 2017 established minimum funding levels for the Maryland Public Broadcasting Commission. Beginning in fiscal 2019, the Governor must increase the annual general fund appropriation by the projected percentage increase in general fund revenues for the upcoming fiscal year. The Governor must also annually appropriate general funds to offset any decline in CPB revenues from certain federal grants in the second prior fiscal year.

Location of Provision in the Bill: Section 4 (pp. 15-16)

Analysis prepared by: Samuel M. Quist

Adjust Developmental Disabilities Administration Provider Rates

Provision in the Bill: Reduces the rate increase the Governor must provide to community service providers from 4.0% to 2.0% in fiscal 2021 only. The Governor's proposed fiscal 2021 budget includes a $13.3 million general fund reduction, a $70,130 special fund reduction, and an $11.8 million federal fund reduction, contingent on the enactment of legislation reducing the amount of the annual funding increase to community service providers.

Agency: Maryland Department of Health

Type of Action: Mandate relief; Cost control

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
FF Rev	$0	($11.8)	($12.7)	($13.5)	($14.4)	($15.2)
GF Exp	$0	($13.3)	($13.9)	($14.7)	($15.6)	($16.6)
SF Exp	$0	($0.1)	($0.1)	($0.1)	($0.1)	($0.1)
FF Exp	$0	($11.8)	($12.7)	($13.5)	($14.4)	($15.2)

State Effect: General fund expenditures decrease by $13.3 million in fiscal 2021, special fund expenditures decrease by $70,130, and federal fund expenditures decrease by $11.8 million. Federal fund revenues decrease by a corresponding amount. Out-year revenues and expenditures reflect the lower base upon which future growth is calculated.

Local Effect: Montgomery County pays community service providers a wage supplement so that direct care workers receive, on average, 125% of the county minimum wage; county expenditures may increase beginning in fiscal 2021 to account for the reduced State support for provider rates.

Program Description: The Developmental Disabilities Administration (DDA) provides services to developmentally disabled individuals through funding of a coordinated service delivery system that supports individuals in the community.

Recent History: Chapters 10 and 11 of 2019 required the Governor to provide an annual 4.0% rate increase for DDA community service providers from fiscal 2021 through 2026.

Location of Provision in the Bill: Section 4 (p. 16)

Analysis prepared by: Anne P. Wagner

Adjust Behavioral Health Provider Rates

Provision in the Bill: Reduces the rate increase the Governor must provide to behavioral health providers from 4.0% to 2.0% in fiscal 2021 only. The Governor's proposed fiscal 2021 budget includes an $11.1 million general fund reduction and a $13.0 million federal fund reduction, contingent on the enactment of legislation reducing the provider rate increase to Behavioral Health Administration providers from 4.0% to 2.0%.

Agency: Maryland Department of Health

Type of Action: Mandate relief; Cost control

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	($11.1)	($14.6)	($15.2)	($15.8)	($16.6)
FF Exp	$0	($13.0)	($19.0)	($20.1)	($21.1)	($22.4)
FF Rev	$0	($13.0)	($19.0)	($20.1)	($21.1)	($22.4)

State Effect: General fund expenditures decrease by $11.1 million in fiscal 2021. Federal fund revenues decrease by $13.0 million in fiscal 2021 and federal fund expenditures decrease correspondingly. Out-year revenues and expenditures reflect the lower base upon which future growth is calculated.

Local Effect: None.

Program Description: Providers of mental health and substance use disorder services for individuals in the Medicaid program and the uninsured are reimbursed on a fee-for-service basis. Additional support for mental health and substance use disorder treatment is provided through grants to local core service agencies.

Recent History: Chapters 10 and 11 of 2019 required the Governor to provide rate increases for community providers of behavioral health services from fiscal 2021 through 2026. Under the Acts, the rates for community service providers are scheduled to increase by 4.0% in fiscal 2021, 3.5% in fiscal 2022, 3.25% in fiscal 2023, 3.0% in fiscal 2024, and 4.0% in fiscal 2025 and 2026.

Location of Provision in the Bill: Section 4 (p. 16)

Analysis prepared by: Andrew C. Garrison

Adjust Medicaid Provider Rates

Provision in the Bill: Reduces, for fiscal 2021 only, the rate increase the Governor must provide to certain Medicaid providers from 4.0% to 2.0%. The Governor's proposed fiscal 2021 budget includes a $15.1 million general fund reduction and a $19.2 million federal fund reduction, contingent on the enactment of legislation reducing the required provider rate increase.

Agency: Maryland Department of Health

Type of Action: Mandate relief; Cost control

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	($15.1)	($19.1)	($19.8)	($20.5)	($21.3)
FF Exp	$0	($19.2)	($20.2)	($20.9)	($21.7)	($22.6)
FF Rev	$0	($19.2)	($20.2)	($20.9)	($21.7)	($22.6)

State Effect: General fund expenditures decrease by $15.1 million in fiscal 2021. Federal fund revenues decrease by $19.2 million in fiscal 2021 and federal fund expenditures decrease correspondingly. Out-year revenues and expenditures reflect the lower base upon which future growth is calculated.

Local Effect: None.

Program Description: Providers of certain medical services for individuals not enrolled in managed care in the Medicaid program are reimbursed on a fee-for-service basis.

Recent History: Chapters 10 and 11 of 2019 required the Governor to provide rate increases for certain Medicaid providers from fiscal 2021 through 2026. The provision applied to nursing home services, medical day care services, private duty nursing, personal care services, home- and community-based services, and services provided through the Community First Choice program. Under the Acts, the rates for the providers of these services are scheduled to increase by 4.0% annually from fiscal 2021 through 2026.

Location of Provision in the Bill: Section 4 (pp. 16-17)

Analysis prepared by: Simon G. Powell

Repeal Mandate and Reduce Funding for the Seed Community Development Anchor Institution Program

Provisions in the Bill: Repeal the requirement that the Governor provide funding for the Seed Community Development Anchor Institution Program, and, beginning in fiscal 2021, reduce the statutory level of the authorization for the program from $10.0 million to $5.0 million annually. The Governor's proposed fiscal 2021 budget includes a $5.0 million general fund reduction, contingent on the enactment of legislation altering the mandate.

Agency: Department of Housing and Community Development

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF PAYGO Exp	$0	($5.0)	($5.0)	($5.0)	($5.0)	($5.0)

State Effect: General fund pay-as-you-go (PAYGO) expenditures decrease by $5.0 million annually beginning in fiscal 2021. The 2020 *Capital Improvement Program* includes $5.0 million in annual general fund PAYGO expenditures for the program through fiscal 2025.

Local Effect: None.

Program Description: Chapter 31 of 2016 established the Seed Community Development Anchor Institution Fund and required the Governor to provide $5.0 million to the fund from fiscal 2018 through 2022, an amount which was later increased to $10.0 million and made permanent. The purpose of the fund is to provide grants and loans to "anchor institutions" such as hospitals or institutions of higher education for community development projects in blighted areas of the State.

Recent History: The Budget Reconciliation and Financing Act (BRFA) of 2017 (Chapter 23) reduced funding by $5.0 million in general funds in fiscal 2018 and altered the funding requirement to allow the Governor to meet the mandate through the operating and/or the capital budget. The BRFA of 2018 (Chapter 10) reduced funding from $5.0 million to $4.0 million for fiscal 2019 only. Chapter 25 of 2019 increased, from $5.0 million to $10.0 million, the amount of funding the Governor must provide annually beginning in fiscal 2021, and made the requirement permanent.

Location of Provisions in the Bill: Section 4 (p. 18)

Analysis prepared by: Emily R. Haskel

Reduce Mandate for the Maryland Health Benefit Exchange

Provision in the Bill: Reduces the required appropriation from the premium tax on health insurers to the Maryland Health Benefit Exchange (MBHE) from $35.0 million to $32.0 million annually beginning in fiscal 2021. The Governor's proposed fiscal 2021 budget includes a $3.0 million special fund reduction, contingent on the enactment of legislation altering the mandate.

Agency: Maryland Health Benefit Exchange

Type of Action: Mandate relief; Revenue action

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Rev	$0	$3.0	$3.0	$3.0	$3.0	$3.0
SF Rev	$0	($3.0)	($3.0)	($3.0)	($3.0)	($3.0)
FF Rev	$0	decrease	decrease	decrease	decrease	decrease
SF Exp	$0	($3.0)	($3.0)	($3.0)	($3.0)	($3.0)
FF Exp	$0	decrease	decrease	decrease	decrease	decrease

State Effect: Special fund revenues and expenditures decrease by $3.0 million annually beginning in fiscal 2021. General fund revenues increase correspondingly. Premium tax revenues not otherwise distributed under statute are transferred to the general fund. In addition, federal fund revenues and expenditures are expected to decrease. The exact level of decrease depends on the types of activities that will not occur; as such, the amount cannot be definitively known but is likely to exceed $1.5 million annually.

Local Effect: None.

Program Description: Chapters 1 and 2 of 2011 created MHBE in response to the federal Patient Protection and Affordable Care Act of 2010. MHBE is intended to provide a marketplace for individuals and small businesses to access affordable or no-cost health coverage. Funding is used to support the operations of MHBE and the Maryland Health Connection.

Recent History: Chapter 159 of 2013 established a distribution from the premium tax on health insurers as funding for the MHBE Fund and mandated a minimum level of appropriations beginning in fiscal 2015. In fiscal 2015, the mandated appropriation was no less than $10.0 million. Beginning in fiscal 2016, the mandated appropriation was $35.0 million. In recent years, MHBE has not spent all of the mandated appropriation. In fiscal 2018, MHBE canceled $7.1 million in special funds from the fund. In fiscal 2019, MHBE canceled $6.2 million of special funds from the fund. Unlike most special funds, any unspent funds revert to the general fund at the end of each fiscal year.

Location of Provision in the Bill: Section 4 (p. 20)

Analysis prepared by: Tonya D. Zimmerman

Reduce Mandated Funding for the City of Annapolis and Repeal Growth Index

Provisions in the Bill: Reduce the mandated grant to the City of Annapolis from $750,000 to $367,000 and eliminate the requirement that the grant amount increase by the Consumer Price Index for All Urban Consumers (CPI-U) for the Baltimore Metropolitan Statistical Area (MSA) annually. The Governor's proposed fiscal 2021 budget includes a general fund reduction of $383,000, contingent on the enactment of legislation altering the mandate.

Agency: Department of General Services

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	($0.4)	($0.4)	($0.4)	($0.4)	($0.4)

State Effect: General fund expenditures decrease by $383,000 in fiscal 2021, growing to approximately $410,000 by fiscal 2025, as a result of the elimination of the requirement that the grant increase by the CPI-U for the Baltimore MSA. The increase is estimated using an average 1.7% per year, which is the rate of increase in the CPI-U for the Baltimore MSA from 2016 to 2019.

Local Effect: The City of Annapolis realizes a corresponding loss in grant revenues.

Program Description: The Department of General Services advises that the State owns 19 buildings with 1.8 million square feet and one parking garage with 720 parking spaces in the City of Annapolis. For fiscal 2018, the city estimated that it provided approximately $661,000 in services to the State. Services provided and related costs include maintaining a hazmat team and additional police expenses for services and special events.

Recent History: From fiscal 1996 through 2019, the State provided an annual grant of $367,000 to the City of Annapolis, under a statutory requirement that the State pay for refuse and other services provided by the city to the State. However, that requirement did not mandate a specific amount or define a formula. Chapter 3 of 2019 amended that requirement to establish a mandated appropriation of $750,000 annually beginning in fiscal 2021 for services provided by the city to the State. The grant increases annually by the CPI-U for the Baltimore MSA.

Location of Provisions in the Bill: Section 4 (p. 20)

Analysis prepared by: Patrick S. Frank

Eliminate the Pension Sweeper and Other Postemployment Benefits Payments in Fiscal 2021 Only

Provision in the Bill: Repeals the requirement, for fiscal 2021 only, that the Governor include two separate appropriations to (1) the State Retirement and Pension System (SRPS) trust fund equal to one-quarter of the amount by which the unappropriated general fund surplus exceeds $10.0 million in the second preceding fiscal year, up to a maximum of $25.0 million and (2) the Postretirement Health Benefits Trust Fund equal to one-quarter of the amount by which the unappropriated general fund surplus exceeds $10.0 million in the second preceding fiscal year, up to a maximum of $25.0 million. The Governor's proposed fiscal 2021 budget includes $50.0 million in general fund reductions to the State Reserve Fund, contingent on the enactment of legislation that reduces the retirement reinvestment contribution and eliminates the fiscal 2021 payment for other postemployment benefits (OPEB).

Agency: State Retirement Agency; Department of Budget and Management

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
SF Rev	$0	($50.0)	$0	$0	$0	$0
GF Exp	$0	($50.0)	$0	$1.93	$2.02	$2.10
SF Exp	$0	$0	$0	$0.18	$0.19	$0.20
FF Exp	$0	$0	$0	$0.18	$0.19	$0.20

State Effect: General fund expenditures decrease by $50.0 million in fiscal 2021 because the Governor is no longer required to allocate the funds from the general fund surplus to the SRPS trust fund ($25.0 million) or OPEB trust fund ($25.0 million). Special fund revenues for the two trust funds decrease commensurately. State pension contributions increase by $2.3 million in fiscal 2023, which represents the amortized cost of making up the foregone payment to the SRPS trust fund in fiscal 2021. The amortization payments increase annually based on actuarial assumptions and are assumed to be allocated 84% general funds, 8% special funds, and 8% federal and other funds.

As the State does not prefund OPEB costs in the same manner that it prefunds pension costs, there is no out-year effect resulting from the missed payment to the OPEB trust fund.

Local Effect: None.

Program Description: The Budget Reconciliation and Financing Act (BRFA) of 2015 (Chapter 489) required that, for fiscal 2017 through 2020, an amount equal to one-half of the unappropriated general fund surplus in excess of $10.0 million from the second prior fiscal year be paid to the SRPS trust fund, up to a maximum of $50.0 million annually. Chapter 557 of 2017 required that the payments continue indefinitely beyond fiscal 2020, but also required that, beginning in fiscal 2021, they be evenly divided between the SRPS trust fund and the OPEB trust fund, up to the same combined total of $50.0 million.

Chapter 466 of 2004 created the Postretirement Health Benefits Trust Fund to provide a vehicle for the State to prefund future costs associated with providing health coverage to State retirees. Although the State made contributions to the Postretirement Health Benefits Trust Fund in fiscal 2007, 2008, and 2009, it has not made any contributions to the fund since then and continues to fund retiree health benefits on a pay-as-you-go basis. As of June 30, 2019, the market value of assets in the fund was $350.7 million.

Recent History: In accordance with Chapter 489, a payment of $50.0 million was made to the SRPS trust fund in fiscal 2017. However, even though the general fund surplus has exceeded $60.0 million in each succeeding year, successive BRFAs have repealed the required payments in fiscal 2018, 2019, and 2020.

Location of Provision in the Bill: Section 4 (pp. 23-24)

Analysis prepared by: Michael C. Rubenstein and Jason A. Kramer

Alter Local Reserve Account Repayments

Provisions in the Bill: Reduce the repayment of $200.0 million to the Local Reserve Account from $33.3 million to $10.0 million annually, extend the repayment period from fiscal 2026 through 2040, and alter the repayment mechanism from an appropriation to a direct distribution from general fund revenues. The Governor's proposed fiscal 2021 budget includes a $33.3 million reduction, contingent on the enactment of legislation deferring the fiscal 2021 Local Income Tax Reserve Fund repayment until the out-years.

Agency: State Reserve Fund

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Rev	$0	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)
GF Exp	$0	($33.3)	($33.3)	($33.3)	($33.3)	($33.3)
SF Rev	$0	($33.3)	($33.3)	($33.3)	($33.3)	($33.3)
SF Exp	$0	($33.3)	($33.3)	($33.3)	($33.3)	($33.3)

State Effect: General fund revenues decrease by $10.0 million annually from fiscal 2021 through 2040 due to the repayment being directly distributed to the Local Reserve Account by the Comptroller. General fund expenditures decrease by $33.3 million from fiscal 2021 through 2026 due to the elimination of the required appropriation to the Dedicated Purpose Account for the repayment. Special fund revenues and expenditures in the Dedicated Purpose Account decrease correspondingly. Nonbudgeted revenues for the Local Income Tax Reserve Fund decrease by $23.3 million annually from fiscal 2021 through 2026, and then increase by $10.0 million annually from fiscal 2027 through 2040 due to the extended repayment period.

Local Effect: None.

Program Description: The State maintains a Local Reserve Account utilized for holding and disbursing income taxes collected by the State for local jurisdictions. According to generally accepted accounting principles, the State is supposed to maintain a sufficient fund balance to pay future refunds realized during the fiscal year in case the income tax is no longer collected. If the account is insufficiently capitalized at the end of a fiscal year, the State is required to report the underfunding as an unfunded liability in the *Comprehensive Annual Financial Report* (CAFR). If the State has a plan in place to reimburse the account, the State does not need to show an unfunded liability in CAFR.

Recent History: Chapter 484 of 2010 transferred $200.0 million from the Local Reserve Account to the general fund to be used for Medicaid in fiscal 2011 and required that this amount be repaid from fiscal 2021 through 2026 at $33.3 million per year. The fiscal 2021 allowance reflects the first year of the appropriation in accordance with the plan.

Chapter 489 of 2015 (the Budget Reconciliation and Financing Act (BRFA) of 2015) authorized a transfer of $100.0 million from the Local Reserve Account to the general fund in fiscal 2015. Chapter 489 also required annual $10.0 million repayments via revenue transfer for fiscal 2016 through 2025. Chapter 10 of 2018 (BRFA of 2018) extended those $10.0 million reimbursements indefinitely to reduce the total unfunded liability, which was $793.0 million at the close of fiscal 2019.

Location of Provision in the Bill: Section 4 (p. 27-29)

Analysis prepared by: Rebecca J. Ruff

Alter Medicaid Deficit Assessment Reduction

Provisions in the Bill: Alter the required fiscal 2021 reduction in the Medicaid Deficit Assessment in the Medicaid program from $25.0 million to $15.0 million. Accordingly, the required budgeted amount for the Medicaid Deficit Assessment for fiscal 2021 is increased from $284,825,000 to $294,825,000. Make a corresponding change in the required reduction in the Medicaid Deficit Assessment in fiscal 2022 from $25.0 million to $35.0 million, which provides the same total level of reduction between the two years ($50.0 million). The Governor's proposed fiscal 2021 budget includes a reduction of $10.0 million in general funds, contingent on the enactment of legislation reducing the Medicaid Deficit Assessment for fiscal 2021.

Agency: Maryland Department of Health

Type of Action: Mandate relief; Cost control

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
SF Rev	$0	$10.0	$0.0	$0	$0	$0
GF Exp	$0	($10.0)	$0.0	$0	$0	$0
SF Exp	$0	$10.0	$0.0	$0	$0	$0

State Effect: General fund expenditures decrease by $10.0 million in fiscal 2021 only. There is no change to spending in fiscal 2022 or beyond compared to current law. Special fund revenues and expenditures increase/decrease correspondingly.

Local Effect: None.

Program Description: During the most recent recession, a Medicaid Deficit Assessment was imposed on Maryland hospitals to support the Medicaid program. The assessment consists of (1) an amount included in hospital rates (and paid by hospital users) and (2) a remittance from hospitals.

Recent History: The Budget Reconciliation and Financing Act (BRFA) of 2014 (Chapter 464) required the Health Services Cost Review Commission (HSCRC) to calculate the general fund savings to Medicaid resulting from implementation of the all-payer model contract. Any savings were to be used to reduce the assessment. The BRFA of 2015 (Chapter 489) delayed the reduction in the assessment based on the methodology developed by HSCRC by one year and also replaced the savings methodology with a simple reduction of $25.0 million over the prior year appropriation. The fiscal 2017 budget was the first to contain a reduction in the assessment, from $389.8 million to $364.8 million. The BRFA of 2017 (Chapter 23) included a one-year delay in the assessment reduction but amended the reduction required in fiscal 2019 and 2020 to be $35.0 million in each year and specified the deficit assessment level. The

BRFA of 2018 (Chapter 10) decreased the reduction in fiscal 2019 to $30.0 million, and required a $40.0 million reduction in fiscal 2020. The BRFA of 2019 (Chapter 16) decreased the reduction in fiscal 2020 by $15.0 million but retained the out-year reduction of $25.0 million.

Location of Provisions in the Bill: Section 4 (pp. 33-34)

Analysis prepared by: Simon G. Powell

End Strategic Energy Investment Fund Mandated Transfer to the Maryland Energy Innovation Fund Early

Provision in the Bill: Ends the required annual transfer of $1.5 million from the Strategic Energy Investment Fund (SEIF) to the Maryland Energy Innovation Fund (MEIF) two years early by removing the mandated appropriation in fiscal 2021 and 2022.

Agency: Maryland Energy Administration; Maryland Clean Energy Center; Maryland Energy Innovation Institute; University of Maryland, College Park Campus

Type of Action: Mandate relief; Changes to use of special funds

State Effect: No net effect on overall special fund revenues or expenditures. However, special fund revenues for the University System of Maryland (USM), under which MEIF is held, decrease by $1.5 million in fiscal 2021 and 2022. Special fund expenditures by USM decrease correspondingly, as the funds are no longer available for use by the Maryland Energy Innovation Institute (MEII) and Maryland Clean Energy Center (MCEC). Special fund revenues in SEIF are not increased, but not diverting funds for the transfer to MEIF increases the revenues available to be distributed (and then expended) under the established formula for allocating revenues from Regional Greenhouse Gas Initiative (RGGI) proceeds.

Local Effect: None, except to the extent that reallocated SEIF funds are used to provide assistance to local governments when they otherwise would not have been. The overall effect on any particular local government is likely minimal.

Program Description: Chapters 127 and 128 of 2008 established SEIF primarily to contain revenue generated from the sale of carbon dioxide emission allowances under RGGI. The allocation of revenue has been altered several times in budget reconciliation legislation. The current allocation requires (1) at least 50% for energy assistance; (2) at least 20% for energy efficiency and conservation (at least one-half for low- and moderate-income programs); (3) at least 20% for renewable and clean energy, energy related education and outreach, resiliency, and climate change programs; and (4) up to 10%, but no more than $5.0 million for administrative expenses.

MCEC was established by Chapter 137 of 2008 as a body politic and corporate and an instrumentality of the State. The purpose of MCEC is to (1) promote economic development and jobs in the clean energy industry sector; (2) promote the deployment of clean energy technology; (3) serve as an incubator for the development of the clean energy industry; (4) collect, analyze, and disseminate industry data; and (5) provide outreach and technical support to further the clean energy industry. MCEC was established as a nonbudgeted entity with no dedicated revenue source. MCEC indicates it currently has

cash reserves of approximately $690,000. Operating revenue in fiscal 2019 (the most recent information available), excluding the funding from MEIF, was approximately $300,000. Fiscal 2019 operating expenditures totaled $1.1 million.

Chapters 364 and 365 of 2017 established MEII in the A. James Clark School of Engineering at the University of Maryland, College Park Campus to (1) collaborate with academic institutions in the State to participate in clean energy programs and (2) develop and attract private investment in clean energy innovation. In addition to funding from MEIF, MEII also receives federal and private funding to support its activities. However, MEIF support is necessary to obtain these outside sources.

MEIF was established as a nonlapsing fund in USM in Chapters 364 and 365 and is intended to support the administrative costs of MCEC and MEII. Specifically, MEII is authorized to use the fund to purchase advisory services and technical assistance and for administrative, legal, and actuarial expenses of MEII. MCEC is also authorized to use MEIF for certain types of financial assistance. In addition to the annual mandated transfers through fiscal 2022, other revenue in MEIF may consist of (1) repayment of principal and payment of interest on a loan made from the fund; (2) recovery of an investment made by MCEC in a business enterprise from the fund; (3) repayment of a conditional grant made by MCEC from the fund; and (4) interest earned by the fund.

Recent History: Chapters 364 and 365 of 2017 required that for fiscal 2018 through 2022, $1.5 million from SEIF be transferred to MEIF. The Acts also required MCEC to develop a plan to become self-sustaining within five years, which was to be submitted by December 1, 2019. The required report makes several recommendations, but, in general, noted that it would require a significant infusion of funding to allow MCEC to become self-sustaining within five years from fiscal 2020.

Location of Provision in the Bill: Section 4 (p. 34)

Analysis prepared by: Tonya D. Zimmerman

Allow Budget Books to Be Provided Electronically and Require Certain Details to Be Posted Electronically

Provisions in the Bill: Repeal the requirement that the Governor provide printed copies of the budget books to the Maryland General Assembly and the Department of Legislative Services and that the Department of Budget and Management (DBM) archive the information on its website. Instead, the budget books may be provided in electronic format at the Governor's discretion, while the required information in the budget books must be posted on the DBM website simultaneously with the submission of the annual budget.

Agency: Department of Budget and Management

Type of Action: Administrative

State Effect: General fund expenditures decrease by $48,751 annually beginning in fiscal 2021 to the extent that the Governor chooses not to print the budget books. DBM can publish the required information on its website with existing resources.

Local Effect: None.

Program Description: On submission of the budget bill, the Governor must provide supporting materials, including budget, personnel, and agency performance data in printed budget books and on DBM's website.

Recent History: The Budget Reconciliation and Financing Act of 2017 clarified and specified the information DBM must publish in the annual budget books and required DBM to publish information included in the budget books on its website.

Location of Provisions in the Bill: Section 3 (p. 5) and Section 4 (pp. 21-23)

Analysis prepared by: Anne P. Wagner

Clarify Authorized Uses of the Blueprint for Maryland's Future Fund

Provision in the Bill: Clarifies that use of the Blueprint for Maryland's Future Fund includes Maryland prekindergarten expansion grants funded by the Maryland State Department of Education (MSDE).

Agency: Maryland State Department of Education

Type of Action: Change use of special funds

State Effect: No effect on overall special fund revenues or expenditures; however, funds are reallocated among eligible activities.

Local Effect: None.

Program Description: The Blueprint for Maryland's Future Fund may only be used to assist in providing adequate funding for early childhood education and primary and secondary education based on the recommendations of the Commission on Innovation and Excellence in Education, including revised education funding formulas. The fund consists of remaining income tax funds distributed to the commission, any sales and use tax revenues in excess of $100.0 million each year collected by the Comptroller from marketplace facilitators and certain out-of-state vendors, and any fiscal 2021 filing fees from corporations and business entities in excess of $62.25 million. The fund is expected to collect $103.0 million in new revenue in fiscal 2021.

MSDE administers the Prekindergarten Expansion Grant program, which offers competitive grants to qualified public and private prekindergarten providers to serve four-year-olds from families with incomes at or below 300% of the federal poverty guidelines.

Recent History: Chapter 361 of 2018 established the commission and required the Comptroller to distribute $200 million in income tax revenue to the fund in fiscal 2019. Chapter 771 of 2019 created the Blueprint for Maryland's Future Fund as the successor to the commission and added sales and use tax revenues from marketplace facilitators and certain out-of-state-vendors as a source of revenue for the fund under certain circumstances. Chapter 16 of 2019, the Budget Reconciliation and Financing Act, delayed until fiscal 2022 the exemption from the State's annual filing fee for corporations and business entities who participate in the Maryland Small Business Retirement Savings Program and Trust and dedicated revenues from the filing fee in excess of $62.25 million to the Blueprint for Maryland's Future Fund in fiscal 2021.

Location of Provision in the Bill: Section 4 (p. 7)

Analysis prepared by: Anne P. Wagner

Modify Use of and Threshold for the Carefirst Premium Exemption

Provisions in the Bill: Alter the use of the Carefirst premium tax exemption beginning in fiscal 2021 by (1) making the distribution of $8.0 million to the Community Health Resource Commission a cap rather than a floor and (2) making the distribution of $14.0 million to the Senior Prescription Drug Assistance Program (SPDAP) a floor rather than a cap.

Agency: Maryland Department of Health

Type of Action: Change use of special funds

State Effect: No net effect on overall special fund revenues and expenditures; however, funds are reallocated.

Local Effect: None.

Program Description: The Community Health Resources Commission was created by the Maryland General Assembly in 2005 to expand access to health care services in underserved communities in Maryland by awarding grants to expand access and support public health priorities. SPDAP provides Medicare Part D premium assistance to moderate-income Maryland residents (incomes less than 300% of the federal poverty level) who are eligible for Medicare and are enrolled in a Medicare Part D prescription drug plan. Until the closure by the U.S. Congress of the coverage gap or "donut hole" in the Bipartisan Budget Act of 2018, SPDAP also provided coverage gap assistance.

Recent History: Various budget reconciliation and financing actions have transferred surplus SPDAP funds to the general fund and expanded uses of the funds. For example, the Budget Reconciliation and Financing Act of 2017 allowed SPDAP funds to be used for the Kidney Disease Program or for community mental health services to the uninsured.

Location of Provisions in the Bill: Section 4 (pp. 17-20)

Analysis prepared by: Andrew C. Garrison and Simon G. Powell

Slow Phase-in of Revenue Volatility Adjustment

Provisions in the Bill: Alter the maximum amount of projected nonwithholding income tax revenue that must, under certain circumstances, be subtracted from the projected general fund revenue estimate each year to delay the full phase-in to 2.0% from fiscal 2022 to 2026 and establish specific dollar amounts for the cap per year until a maximum of 2.0% of general fund revenues is achieved in fiscal 2026.

Agency: State Reserve Fund

Type of Action: Revenue action

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Rev	$0	$133.7	$266.8	$201.8	$139.9	$122.5
SF Rev	$0	($133.7)	($266.8)	($201.8)	($139.9)	($122.5)

State Effect: General fund revenues increase by $133.7 million in fiscal 2021 due to lowering the cap from 1.0% of general fund revenues to $60.0 million. Special fund revenues for the Revenue Stabilization Account (Rainy Day Fund) and Fiscal Responsibility Fund decrease correspondingly.

The maximum amount of nonwithholding revenue that may be subtracted from the revenue estimate increases by $20.0 million annually until fiscal 2026 when the cap peaks at 2.0% of general fund revenues. Out-year impacts reflect the proposed change in the cap each year in comparison to the December 2019 Board of Revenue Estimates general fund forecast.

Special fund expenditures from the Fiscal Responsibility Fund potentially decrease by the amount that would have gone to that fund from fiscal 2023 to 2027 if the revenue exceeding the cap is realized.

Local Effect: None.

Program Description: Chapters 4 and 550 of 2017 established a cap on income tax nonwithholding revenues. The cap applies when the share of estimated general fund revenues attributable to income tax nonwithholding sources exceeds the 10-year average. If nonwithholding revenues, as a percentage of general fund revenues, are less than the 10-year average percentage, there is no effect. The cap requires reducing the estimate of nonwithholding income tax revenues so that nonwithholding income tax revenues do not exceed the 10-year average. In some years, actual income tax nonwithholding revenues will exceed the capped estimate. In those years, the Acts specify how the excess revenues

are to be allocated. The excess revenues are to be distributed (1) to close any revenue gap for the fiscal year; (2) to the Rainy Day Fund (if the account is less than 6% of general fund revenues), the amount that is required to provide a balance in the account of 6.0% of general fund revenues; and (3) the remainder split 50% to the Rainy Day Fund and 50% to the Fiscal Responsibility Fund.

The Fiscal Responsibility Fund was established to hold the amount of nonwithholding income tax revenues that exceed the capped estimate. The funds are to be used only to provide pay-as-you-go capital funds for (1) public school construction and public school capital improvement projects; (2) capital projects at public community colleges; and (3) capital projects at four-year public institutions of higher education. The funds are required to be appropriated in the second following fiscal year.

Recent History: Chapters 4 and 550 originally set the cap on nonwithholding revenues at 2.0% of general fund revenues beginning in fiscal 2020. Chapter 10 of 2018 (Budget Reconciliation and Financing Act (BRFA) of 2018) phased in the cap over three years, with no more than 0.5% of projected general fund revenues subject to the cap in fiscal 2020. Chapter 16 of 2019 (BRFA of 2019) scaled back the cap in fiscal 2020 to 0.225% of projected general fund revenues.

Location of Provisions in the Bill: Section 4 (p. 20-21)

Analysis prepared by: Rebecca J. Ruff

Reduce Film Production Activity Tax Credit for Fiscal 2021 Only

Provision in the Bill: Decreases, for fiscal 2021 only, the maximum amount of film production activity tax credits that the Secretary of Commerce may award from $14.0 million to $10.0 million.

Agency: Department of Commerce

Type of Action: Cost control; Revenue action

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Rev	$0	$4.0	$0	$0	$0	$0

State Effect: General fund revenues increase by $4.0 million in fiscal 2021 due to fewer credits claimed against the income tax.

Local Effect: None.

Program Description: A qualified film production entity that meets specified requirements and is approved by Commerce may receive a tax credit equal to 25% of qualified film production costs incurred in the State, or 27% of costs for a television series, with a maximum tax credit amount per project of $10.0 million. Commerce is required to reserve 10% of all tax credits in each fiscal year for small film entities.

Recent History: Chapter 595 of 2018 established maximum amounts of film production activity tax credits that the Secretary of Commerce may award in each fiscal year beginning with fiscal 2019: (1) $8.0 million in fiscal 2019; (2) $11.0 million in fiscal 2020; (3) $14.0 million in fiscal 2021; (4) $17.0 million in fiscal 2022; and (5) $20.0 million annually in fiscal 2023 and thereafter.

Location of Provision in the Bill: Section 4 (pp. 29-30)

Analysis prepared by: Emily R. Haskel

Increase Local Cost Share for Property Tax Assessment

Provision in the Bill: Increases, from 50% to 60%, the amount that each county and Baltimore City must reimburse the State Department of Assessments and Taxation (SDAT) for the costs of real property valuation, business personal property valuation, and information technology (IT). The Governor's proposed fiscal 2021 budget includes $4.4 million in general fund reductions, contingent on the enactment of legislation that changes the funding formula for SDAT programs (and increases the local share to 60%).

Agency: State Department of Assessments and Taxation

Type of Action: Cost control; Fund swap

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	($4.4)	($4.4)	($4.5)	($4.6)	($4.7)
SF Rev	$0	$4.4	$4.4	$4.5	$4.6	$4.7
SF Exp	$0	$4.4	$4.4	$4.5	$4.6	$4.7

State Effect: General fund expenditures for SDAT decline by $4.4 million in fiscal 2021 as a result of the increase in the local share of SDAT costs, with a corresponding increase in special fund revenues and expenditures. Out-year savings increase due to the impact of inflation on projected SDAT expenses.

Local Effect: Local government expenditures increase in total by $4.4 million in fiscal 2021 and by similar amounts annually thereafter. Under current law, local governments will reimburse SDAT a total of $21.8 million in fiscal 2021. The impact on local expenditures by county for fiscal 2021 is shown in **Exhibit 1**.

Program Description: SDAT's Real Property Valuation and Business Property Valuation programs conduct all residential and commercial property assessments in the State. Under current law, the State and local units equally share the costs of conducting property tax assessments. Assessments are conducted by SDAT staff, and local governments levy the appropriate tax based on the assessment.

Recent History: Prior to fiscal 2012, the State paid for the entirety of SDAT property tax assessment operations. Under a provision in the Budget Reconciliation and Financing Act of 2011, for fiscal 2012 and 2013, local jurisdictions were required to cover 90% of expenditures for SDAT assessments and IT expenditures. The current 50/50 split has been in place since fiscal 2014.

Location of Provision in the Bill: Section 4 (pp. 30-31)

Analysis prepared by: Kenneth B. Weaver

Exhibit 1
County Cost Sharing Totals
Fiscal 2021

County	Current 50/50	Proposed 60/40	Additional Local Share
Allegany	$376,792	$452,150	$75,358
Anne Arundel	2,084,158	2,500,990	416,832
Baltimore City	2,196,532	2,635,838	439,306
Baltimore	2,809,856	3,371,828	561,971
Calvert	387,737	465,284	77,547
Caroline	142,660	171,192	28,532
Carroll	626,290	751,548	125,258
Cecil	461,958	554,350	92,392
Charles	611,628	733,954	122,326
Dorchester	197,993	237,591	39,599
Frederick	876,435	1,051,722	175,287
Garrett	273,998	328,798	54,800
Harford	950,284	1,140,341	190,057
Howard	1,056,484	1,267,781	211,297
Kent	115,310	138,372	23,062
Montgomery	3,227,953	3,873,544	645,591
Prince George's	2,786,357	3,343,628	557,271
Queen Anne's	223,579	268,295	44,716
St. Mary's	451,545	541,854	90,309
Somerset	159,640	191,568	31,928
Talbot	183,000	219,600	36,600
Washington	559,462	671,354	111,892
Wicomico	429,430	515,316	85,886
Worcester	589,787	707,745	117,957
Total	**$21,778,868**	**$26,134,642**	**$4,355,774**

Source: Department of Legislative Services

Limit Rate Increases for Providers with Rates Set by the Interagency Rates Committee

Provision in the Bill: Limits growth in fiscal 2021 rates paid to providers with rates set by the Interagency Rates Committee (IRC) to no more than 2.0% over the rates in effect on June 30, 2020.

Agency: Department of Human Services; Department of Juvenile Services; Maryland Department of Health

Type of Action: Cost control

State Effect: Limiting rates set by IRC to no more than 2.0% over the fiscal 2020 rates results in no direct savings in fiscal 2021. The fiscal 2021 budget provides funding for a 2.0% increase for providers whose rates are set by IRC, $3.1 million in the Department of Human Services (DHS) and $0.65 million in the Department of Juvenile Services (DJS).

Local Effect: None.

Program Description: IRC establishes rates for residential and nonresidential child care programs licensed or approved by the Maryland State Department of Education (MSDE), Maryland Department of Health (MDH), DHS, or DJS, including nonpublic general education schools operated in conjunction with a residential or nonresidential child care program. IRC includes representatives from the Department of Budget and Management, MDH, DHS, DJS, MSDE, and the Governor's Office of Crime Prevention, Youth, and Victim Services.

Recent History: Budget reconciliation legislation in 2009 through 2011 froze rates set by IRC for three consecutive years. Budget reconciliation legislation in 2012, 2013, and 2014 limited rate increases to 1.0%, 2.5%, and 1.5%, respectively. Budget reconciliation legislation in 2015 capped fiscal 2016 rates at the 2015 level. Budget reconciliation legislation in 2017 and 2018 limited rate increases to 2.0% and 3.0%, respectively.

Location of Provision in the Bill: Section 5 (p. 35)

Analysis prepared by: Tonya D. Zimmerman and Nicholas Konzelman

Transfer Fund Balance from the Board of Physicians to Maryland Department of Health Office of the Secretary

Provision in the Bill: Authorizes the transfer of $199,517 from the Board of Physicians Fund in the Maryland Department of Health (MDH) to the Office of the Secretary in MDH to repay general funds expended by MDH for the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants (MLARP).

Agency: Maryland Department of Health

Type of Action: Fund balance transfer

State Effect: No net effect on overall special fund revenues (or expenditures) for MDH. The transfer repays the Office of the Secretary the amount owed by the Maryland Board of Physicians (MBP) from fiscal 2019 when MLARP was overextended and MDH provided general funds to the Maryland Higher Education Commission (MHEC) to fund the awards.

Local Effect: None.

Program Description: MLARP provides educational loan repayment funds to physicians, physician assistants, and medical residents who must serve a two-year obligation in a health professional shortage area or medically underserved area or State-designed health professional shortage area. The program is administered by MHEC.

Recent History: MBP has traditionally budgeted and transferred special funds to MHEC for MLARP. The amount of support varies year-to-year; in fiscal 2020, MBP provided $0.4 million for the program. The fiscal 2021 budget includes $0.8 million from MBP for MLARP, including the additional $0.4 million transferred under Section 7 of this bill.

Location of Provisions in the Bill: Section 6 (p. 35)

Analysis prepared by: Andrew C. Garrison

Transfer Fund Balance from the Board of Physicians to the Loan Assistance Repayment Program

Provision in the Bill: Authorizes the transfer of $400,000 in fund balance from the Board of Physicians Fund in the Maryland Department of Health to the Maryland Higher Education Commission (MHEC) for the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants (MLARP). The Governor's proposed fiscal 2021 budget includes a $400,000 special fund appropriation to MLARP, contingent on the enactment of legislation authorizing the transfer.

Agency: Maryland Department of Health; Maryland Higher Education Commission

Type of Action: Change use of special funds

Fiscal	*($ in millions)*					
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
SF Exp	$0	$0.4	$0	$0	$0	$0

State Effect: Special fund expenditures for MHEC increase by $400,000 in fiscal 2021. Overall, special fund revenues are not affected.

Local Effect: None.

Program Description: MLARP provides educational loan repayment funds to physicians, physician assistants, and medical residents who must serve a two-year obligation in a health professional shortage area or medically underserved area or State-designed health professional shortage area. The program is administered by MHEC.

Recent History: The State Board of Physicians (MBP) has traditionally budgeted and transferred funds to MHEC for the MLARP program. The amount of support varies year to year; in fiscal 2020, MBP provided $0.4 million for the program. The fiscal 2021 budget includes $0.8 million from MBP for MLARP, including the additional $0.4 million transferred by this provision. MBP closed fiscal 2019 with a fund balance of $6.1 million and has a projected fiscal 2021 ending balance of $10.2 million.

Location of Provision in the Bill: Section 7 (p. 35)

Analysis prepared by: Andrew C. Garrison

Require Distribution of Baltimore City Highway User Revenues to the Maryland Department of Transportation for Howard Street Tunnel

Provision in the Bill: Diverts $5.0 million of the distribution of Highway User Revenues to Baltimore City to the Maryland Department of Transportation from fiscal 2021 through 2024 to support capital improvements for the Howard Street Tunnel project.

Agency: Maryland Department of Transportation

Type of Action: Change use of special funds

State Effect: Overall special fund revenues and expenditures for the Transportation Trust Fund (TTF) are unaffected; however, TTF expenditures are reallocated to other purposes.

Local Effect: Transportation aid to Baltimore City decreases by $5.0 million annually from fiscal 2021 through 2024.

Program Description: The Highway User Revenues (HUR) program is State aid in the form of a mandated capital appropriation from TTF to local governments. The annual HUR amount is based on a percentage of revenues in the Gasoline and Motor Vehicle Revenue Account (GMVRA) within TTF. For fiscal 2021 through 2024, the mandated appropriation is equal to 13.5% of the GMVRA balance.

The Howard Street Tunnel project is a multi-year commitment by CSX Transportation to improve the Howard Street Tunnel in Baltimore City and 22 bridges between Baltimore and Philadelphia to create a rail corridor that will accommodate double-stack shipping containers. The project has multiple funding sources.

Recent History: None.

Location of Provision in the Bill: Section 9 (p. 35)

Analysis prepared by: Steven D. McCulloch

Transfer Dedicated Purpose Account Funds for Fiscal 2020 Program Open Space Replacement

Provision in the Bill: Authorizes, for fiscal 2021 only, the Governor to transfer $43,860,950 from the balance in the Dedicated Purpose Account designated for Program Open Space (POS) repayment to the general fund.

Agency: State Reserve Fund; Department of Natural Resources; Department of Agriculture

Type of Action: Transfer

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Rev	$0	$43.9	$0	$0	$0	$0
SF Rev	$0	($43.9)	$0	$0	$0	$0
SF Exp	$0	($43.9)	$0	$0	$0	$0

State Effect: General fund revenues increase by $43.9 million in fiscal 2021 due to the transfer. Special fund revenues to the POS fund and special fund expenditures from the POS fund decrease correspondingly.

Local Effect: Local governments receive grants for land acquisition, the development of park and recreational facilities, and the purchase of easements funded through the local share of POS, Rural Legacy, and Maryland Agricultural Land Preservation Foundation. Under this provision, in fiscal 2020, the local POS allocation decreases by $8.5 million and the Southern Maryland Agricultural Development Commission allocation for the purchase of agricultural easements by the counties in the Tri-County Council for Southern Maryland decreases by $999,000.

Program Description: The Dedicated Purpose Account was established to retain appropriations for major multi-year expenditures in which the magnitude and timing of cash needs are uncertain and to meet expenditure requirements that may be affected by changes in federal law or fiscal policies or other contingencies.

Recent History: Chapter 565 of 2019 (the fiscal 2020 budget bill) included $43.9 million in the Dedicated Purpose Account for the purpose of repaying transfer tax funding transferred to the general fund in prior years. Chapter 565 specified the allocation of $43.9 million in transfer tax repayment funding and a provision in Chapter 16 of 2019 (Budget Reconciliation and Financing Act of 2019) authorized the funds to be transferred by budget amendment from the Dedicated Purpose Account for the purposes specified in the operating budget bill.

Location of Provision in the Bill: Section 10 (p. 35)

Analysis prepared by: Andrew D. Gray

Revert Dedicated Purpose Account Funds for the Pension Sweeper and Washington Metropolitan Area Transit Authority in Fiscal 2020

Provisions in the Bill: Authorize $12.0 million of the fiscal 2020 appropriation in the Dedicated Purpose Account provided for the Washington Metropolitan Area Transit Authority (WMATA) capital grant and $50.0 million of the fiscal 2020 appropriation in the Dedicated Purpose Account provided for the State Retirement and Pension System (SRPS) reinvestment contributions, but restricted for another purpose by the General Assembly, to revert to the general fund in fiscal 2020.

Agency: State Reserve Fund – Dedicated Purpose Account

Type of Action: Transfer

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Rev	$62.0	$0	$0	$0	$0	$0
SF Rev	($62.0)	$0	$0	$0	$0	$0

State Effect: Special fund revenues that were intended to be spent in fiscal 2020 as SRPS reinvestment contributions (pension sweeper) and WMATA appropriations remain unspent for both their original and alternately restricted purposes. General fund revenues increase by $62.0 million in fiscal 2020 due to the general fund reversion of these appropriations.

Local Effect: None.

Program Description: The Dedicated Purpose Account serves as a place in the State budget to retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain, or to meet expenditure requirements that may be affected by changes in federal law or fiscal policies or other contingencies.

WMATA provides bus, rail, and paratransit service for the Washington, DC metropolitan area. Maryland contributes annual operating and capital support for WMATA through the Maryland Department of Transportation's Secretary's Office budget. Chapters 351 and 352 of 2018 required a new mandated $167.0 million annual dedicated capital grant for WMATA in addition to the capital grant already being provided.

The Budget Reconciliation and Financing Act of 2015 (Chapter 489) required that, for fiscal 2017 through 2020, an amount equal to one-half of the unappropriated general fund surplus in excess of $10.0 million from the second prior fiscal year be paid to the SRPS trust fund, up to a maximum of $50.0 million annually. Chapter 557 of 2017 required

that the payments continue indefinitely beyond fiscal 2020, but also required that, beginning in fiscal 2021, they be evenly divided between the SRPS trust fund and the other postemployment benefits trust fund, up to the same combined total of $50.0 million.

Recent History: The fiscal 2020 budget included $50.0 million in the Dedicated Purpose Account for the pension sweeper. The General Assembly added restrictive budget language to use the appropriation instead for public school construction and Department of Housing and Community Development (DHCD) capital projects. Similarly, the Administration also funded $125.0 million of the WMATA capital grant with general funds instead of Transportation Trust Fund revenues in fiscal 2020, of which the General Assembly restricted $12.0 million for the alternate purpose of funding DHCD capital projects. The Administration elected not to release withheld appropriations in fiscal 2020. Chapter 16 of 2019 included a provision prohibiting the transfer of funds from the State Reserve Fund except for specific purposes.

Location of Provisions in the Bill: Section 11 (p. 35)

Analysis prepared by: Rebecca J. Ruff

Alter Abandoned Property Notification Requirement

Provision in the Bill: Requires the Comptroller of Maryland to publish quarterly advertisements in newspapers directing readers to the searchable electronic abandoned property database located on the Comptroller's website, instead of publishing the names of individuals entitled to unclaimed property. The provision also codifies the Comptroller's existing practice of maintaining a searchable abandoned property website. The Governor's proposed fiscal 2021 budget includes a $320,000 special fund reduction, contingent on the enactment of legislation authorizing such a change in notification requirements.

Agency: Comptroller of Maryland

Type of Action: Administrative

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Rev	$0	$0.3	$0.4	$0.4	$0.4	$0.4
SF Exp	$0	($0.3)	($0.4)	($0.4)	($0.4)	($0.4)

State Effect: Special fund expenditures decrease by $320,000 in fiscal 2021 and by $400,000 annually thereafter due to reduced publication costs. General fund revenues increase correspondingly as surplus unclaimed property funds revert to the general fund.

Local Effect: None.

Program Description: The Comptroller holds unclaimed property and has a searchable database on its website that can be used for free. Claims can be submitted at any time. Notices are sent out quarterly in the mail alerting individuals who may be entitled to unclaimed property to the website (this requirement is unchanged by the bill). Notices containing lists of the names of individuals entitled to unclaimed property and their last known address are currently published in newspapers of general circulation in each county, as required by statute. The program is administered through a special fund in the Comptroller's Office. Proceeds from the sale of abandoned property are distributed as follows:

- an amount to be retained (not to exceed $50,000) to pay any claim;
- costs incurred in the administration of the unclaimed property;
- $2.0 million to the Maryland Legal Services Corporation Fund;
- unclaimed money from judgments of restitution to the State Victims of Crime Fund; and
- the remainder to the general fund.

Location of Provision in the Bill: Section 4 (pp. 5-7)

Analysis prepared by: Samuel M. Quist

Eliminate Authorization to Use Fiscal Responsibility Fund for Cost-of-living Adjustment for Certain Employees

Provisions in the Bill: Repeal the requirement that fiscal 2020 nonwithholding income tax revenues that exceed the capped estimate and are not needed to close a shortfall in general fund revenues be used to provide a cost-of-living adjustment (COLA) of up to 2.0% for certain employees, effective July 1, 2020, in fiscal 2021.

Agency: Statewide

Type of Action: Administrative

State Effect: The impact of these provisions is dependent on whether actual fiscal 2020 nonwithholding income tax revenues exceed the capped estimate and are not needed to close a general fund revenue shortfall.

Special fund expenditures from the Fiscal Responsibility Fund potentially decrease in fiscal 2021 by the lesser of the actual nonwithholding revenue amount or $30.9 million, which is the estimated cost of a 2.0% COLA for the specified employees. Fiscal 2022 special fund expenditures from the fund potentially increase by half of the amount that fiscal 2020 nonwithholding income tax revenues exceed the capped estimate for pay-as-you-go (PAYGO) capital projects at public schools, community colleges, and higher education institutions, as a portion of the funds not provided for a COLA would instead be available for these purposes. Revenues to the Rainy Day Fund in fiscal 2021 potentially increase by up to half of the amount that fiscal 2020 nonwithholding income tax revenues exceed the capped estimate.

Potential out-year savings increase due to the impact on base salaries from not providing a COLA. If a COLA of 2.0% would have been provided, State expenditures (all funds) decrease by $31.7 million in fiscal 2022, $32.4 million in fiscal 2023, $33.2 million in fiscal 2024, and $34.0 million in fiscal 2025, composed of approximately 60% general funds, 20% special funds, and 20% federal funds.

Local Effect: None.

Program Description: Chapters 4 and 550 of 2017 established a cap on income tax nonwithholding revenues. The cap applies when the share of estimated general fund revenues attributable to income tax nonwithholding sources exceeds the 10-year average. If nonwithholding revenues, as a percentage of general fund revenues, are less than the 10-year average percentage, there is no effect. The cap requires reducing the estimate of nonwithholding income tax revenues so that nonwithholding income tax revenues do not exceed the 10-year average. In some years, actual income tax nonwithholding revenues

will exceed the capped estimate. In those years, the Acts specify how the excess revenues are to be allocated.

Chapters 4 and 550 of 2017 require that excess revenues that are not needed to close a shortfall in general fund revenues be allocated to the Rainy Day Fund until the balance in the fund reaches 6% of general fund revenues. Once the Rainy Day Fund balance reaches 6%, excess revenues are split evenly between the Rainy Day Fund and the Fiscal Responsibility Fund. Chapter 16 of 2019 (Budget Reconciliation and Financing Act (BRFA) of 2019) altered the allocation of the funds to deposit all excess revenue not needed to close a general fund shortfall into the Fiscal Responsibility Fund in fiscal 2021 only.

The Fiscal Responsibility Fund was established to hold a portion of the nonwithholding income tax revenues that exceed the capped estimate. The funds are to be used only to provide PAYGO capital funds for (1) public school construction and public school capital improvement projects; (2) capital projects at public community colleges; and (3) capital projects at four-year public institutions of higher education. The funds are required to be appropriated in the second following fiscal year.

Recent History: Chapters 4 and 550 originally set the cap on nonwithholding revenues at 2.0% of general fund revenues beginning in fiscal 2020. Chapter 10 of 2018 (BRFA of 2018) phased in the cap over three years, with no more than 0.5% of projected general fund revenues subject to the cap in fiscal 2020. Chapter 16 of 2019 (BRFA of 2019) scaled back the cap in fiscal 2020 to 0.225% of projected general fund revenues.

In addition, Chapter 16 altered the allocation of nonwithholding income tax revenues that exceed the cap and are not needed to close any shortfall in general fund revenues to assign, for fiscal 2021 only, all of the funds to the Fiscal Responsibility Fund. Chapter 16 also altered the use of the Fiscal Responsibility Fund to provide for up to a 2.0% COLA for certain employees in fiscal 2021. The COLA was to be effective July 1, 2020, and the funds were to be appropriated in the 2021 session for fiscal 2021. The provision applies to State employees with membership in the following collective bargaining units: (1) the American Federation of State, County, and Municipal Employees (AFSCME), AFL-CIO, excluding a unit represented by AFSCME, AFL-CIO Local 1859; (2) AFT Healthcare-Maryland, AFL-CIO Local 5197; and (3) the Maryland Professional Employees Council (MPEC)/AFT-AFL-CIO Local 6197.

A separate provision of this bill alters the cap on nonwithholding revenue to $60 million in fiscal 2021, increasing by $20 million per year until fiscal 2026, when the cap would reach 2.0% of general fund revenues.

Location of Provisions in the Bill: Section 4 (pp. 24-27)

Analysis prepared by: Jason A. Kramer

Restructure Transfer Tax Repayment Provisions

Provisions in the Bill: Extend by one year the requirement for transfer tax repayment to Program Open Space (POS) and other programs funded by the transfer tax for the following repayment requirements: (1) fiscal 2006 transfer, $12.5 million in fiscal 2023; and (2) park development and critical maintenance, $6.0 million in fiscal 2025 and $4.0 million in fiscal 2026. Modify the timing of and extend by one year the requirement for transfer tax repayment to POS and other programs funded by the transfer tax for the fiscal 2016 to 2018 repayment requirement as follows: a reduction of $25,360,950 by June 30, 2021, and an additional $25,360,950 by June 30, 2030. The effect of the extensions is to reschedule $43,860,950 that was not released from the Dedicated Purpose Account in fiscal 2020 and is authorized to be transferred to the general fund in Section 10 of this bill.

Agency: Department of Natural Resources (DNR), Maryland Department of Agriculture (MDA)

Type of Action: Miscellaneous

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	$0	$0	$12.5	$0	$2.0
SF Rev	$0	$0	$0	$12.5	$0	$2.0
SF Exp	$0	$0	$0	$12.5	$0	$2.0

State Effect: General fund expenditures increase by $12.5 million in fiscal 2023, by $2.0 million in fiscal 2025, by $4.0 million in fiscal 2026, and by $25.4 million in fiscal 2030. Special fund revenues and expenditures for DNR and MDA increase and decrease commensurately, assuming the State continues the current practice of budgeting the general funds in the Dedicated Purpose Account and then transferring the funds to the specific programs.

Local Effect: Local governments receive grants for land acquisition, the development of park and recreational facilities, and the purchase of easements funded through the local share of POS, Rural Legacy, and Maryland Agricultural Land Preservation Foundation (MALPF). Local revenues and expenditures increase and decrease commensurately with the changes in funding for the programs.

Program Description: The State transfer tax of 0.5% of the consideration paid for the transfer of real property from one owner to another has been used to fund several land conservation programs in DNR and MDA. Transfer tax revenues are allocated as follows:

- First, transfer tax revenues for debt service on POS Acquisition Opportunity Loan of 2009 general obligation bond authorizations are credited to the Annuity Bond Fund.
- Second, before any program-specific allocations are made, 3% of the transfer tax is distributed to DNR and the other agencies involved in POS for administration of the program.
- Third, approximately 76% of the remaining transfer tax historically has been allocated to POS, which has four main components: a State share; a local share; a Forest Service/Maryland Park Service operations share; and an amount that may be transferred to the Maryland Heritage Areas Authority within the Maryland Department of Planning. All other funds are allocated to the Rural Legacy Program, MALPF, and the Heritage Conservation Fund.

Recent History: Chapter 10 of 2018 (Budget Reconciliation and Financing Act (BRFA) of 2018) repealed the mandated $15.0 million general fund repayment to POS in fiscal 2019, reduced future repayment amounts from $15.0 million to $12.5 million, and added a repayment requirement in fiscal 2022. In addition, Chapter 10 extended the requirement that the Governor provide $2.5 million to the Maryland Agricultural and Resource-Based Industry Development Corporation for the Next Generation Farmland Acquisition Program to fiscal 2020 through 2022 and specified that funding must come from a portion of the repayment of prior year transfer tax diversions to the general fund that would have otherwise been allocated through the POS formula.

Chapter 565 of 2019 (the fiscal 2020 budget bill) allocated the $43.9 million in transfer tax repayment and a provision in Chapter 16 of 2019 (BRFA of 2019) authorized the funds to be transferred by budget amendment from the Dedicated Purpose Account for the purposes specified in the operating budget bill. The Governor elected to not process a budget amendment allocating the $43.9 million in the Dedicated Purpose Account to the purposes specified in the operating budget.

Location of Provisions in the Bill: Section 4 (pp. 31-33)

Analysis prepared by: Andrew D. Gray

Reduce Appropriation to Reserve Stabilization Account

Provision in the Bill: Reduces the fiscal 2021 funding that the Governor must provide to the Revenue Stabilization Account by $284.4 million. The Governor's proposed fiscal 2021 budget includes a $284,439,149 general fund reduction, contingent on the enactment of legislation to maintain the fund balance at 6.25% of projected fiscal 2021 general fund revenues.

Agency: State Reserve Fund

Type of Action: Miscellaneous

Fiscal			*($ in millions)*			
Impact:	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
GF Exp	$0	($284.4)	$0	$0	$0	$0

State Effect: General fund expenditures decrease by $284.4 million in fiscal 2021 due to reducing the required Revenue Stabilization Account (Rainy Day Fund) appropriation from $291.4 million to $7.0 million.

Local Effect: None.

Program Description: The Rainy Day Fund was established to retain State revenues to meet future short-term funding needs and to reduce the need for future tax increases by moderating revenue growth. Statute limits transfers from the fund and prohibits transferring funds by budget amendment. State law requires that the Administration appropriate a portion of the amount equal to any unassigned general fund balance at closeout in excess of $10 million into the Revenue Stabilization Account (Rainy Day Fund). This appropriation is made to the budget two years after the unassigned general fund surplus is realized.

Recent History: The Spending Affordability Committee recommended the Rainy Day Fund end fiscal 2021 with an estimated balance equivalent to at least 6.0% of general fund revenues. Without the proposed reduction, the ending balance for the fund is estimated at 7.8% of general fund revenues.

Location of Provision in the Bill: Section 8 (p. 35)

Analysis prepared by: Rebecca J. Ruff

Appendix B
(Shown in $)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
GENERAL FUND REVENUES						
Mandate Relief						
Reduce Mandate for the Maryland Health Benefit Exchange	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Alter Local Reserve Account Repayments	0	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Subtotal -- Mandate Relief	***0***	***(7,000,000)***	***(7,000,000)***	***(7,000,000)***	***(7,000,000)***	***(7,000,000)***
Fund Swaps, Cost Shifts, Cost Control, and Administrative Actions						
Alter Abandoned Property Notification Requirements	0	320,000	400,000	400,000	400,000	400,000
Slow Phase-in of Revenue Volatility Adjustment	0	133,700,000	266,800,000	201,800,000	139,900,000	122,500,000
Reduce Film Production Activity Tax Credit for FY 2021 Only	0	4,000,000	0	0	0	0
Transfer Dedicated Purpose Account Funds for FY 2020 POS Replacement	0	43,860,950	0	0	0	0
Revert Dedicated Purpose Account Funds for Pension Sweeper and WMATA	62,000,000	0	0	0	0	0
Subtotal -- Other Actions	***62,000,000***	***181,880,950***	***267,200,000***	***202,200,000***	***140,300,000***	***122,900,000***
TOTAL GENERAL FUND REVENUES	**62,000,000**	**174,880,950**	**260,200,000**	**195,200,000**	**133,300,000**	**115,900,000**
GENERAL FUND EXPENDITURES						
Mandate Relief						
Repeal Mandated Funding for the Baltimore Symphony Orchestra	0	(1,600,000)	0	0	0	0
Repeal National Capital Strategic Economic Development Program and Funding Mandate	0	(7,200,000)	(7,200,000)	(7,200,000)	(7,200,000)	(7,200,000)
Rebase and Alter the Cade Funding Formula	0	(18,196,550)	(45,397,148)	(90,206,914)	(102,801,479)	(120,674,928)
Repeal Mandate for and Alter Funding of the Community College Facilities Renewal Fund	0	(4,333,000)	0	0	0	0
Rebase and Alter the Sellinger Funding Formula	0	(32,035,089)	(38,705,722)	(41,674,573)	(44,828,841)	(48,230,456)
Repeal Mandated Funding for the Maryland Public Broadcasting Commission	0	(215,561)	(436,908)	(767,454)	(1,119,343)	(1,463,646)
Adjust DDA Provider Rates	0	(13,253,768)	(13,870,727)	(14,719,776)	(15,620,797)	(16,576,972)
Adjust BHA Provider Rates	0	(11,101,712)	(14,569,854)	(15,207,022)	(15,794,996)	(16,574,305)
Adjust Medicaid Provider Rates	0	(15,106,204)	(19,079,142)	(19,783,432)	(20,515,862)	(21,277,650)
Repeal Mandate and Reduce Funding for the Seed Community Development Anchor Institution Program	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Reduce Mandated Funding for the City of Annapolis and Repeal Growth Index	0	(383,000)	(389,511)	(396,133)	(402,867)	(409,716)
Eliminate the Pension Sweeper and OPEB Payments in FY 2021 Only	0	(50,000,000)	0	1,930,000	2,020,000	2,100,000
Alter Local Reserve Account Repayments	0	(33,300,000)	(33,300,000)	(33,300,000)	(33,300,000)	(33,300,000)
Alter Medicaid Deficit Assessment Reduction	0	(10,000,000)	0	0	0	0
Subtotal -- Mandate Relief	***0***	***(201,724,884)***	***(177,949,012)***	***(226,325,304)***	***(244,564,185)***	***(268,607,673)***

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
GENERAL FUND EXPENDITURES (Continued)						
Fund Swaps, Cost Shifts, Cost Control, and Administrative Actions						
Allow Budget Books to Be Provided Electronically and Require Certain Details to Be Posted Electronically	0	(48,751)	(48,751)	(48,751)	(48,751)	(48,751)
Increase Local Cost Share of Property Tax Assessments	0	(4,355,774)	(4,400,000)	(4,500,000)	(4,600,000)	(4,700,000)
Restructure Transfer Tax Repayment Provisions	0	0	0	12,500,000	0	2,000,000
Reduce Appropriation to Revenue Stabilization Account	0	(284,439,149)	0	0	0	0
Subtotal -- Other Actions	***0***	***(288,843,674)***	***(4,448,751)***	***7,951,249***	***(4,648,751)***	***(2,748,751)***
TOTAL GENERAL FUND EXPENDITURES	**0**	**(490,568,558)**	**(182,397,763)**	**(218,374,055)**	**(249,212,936)**	**(271,356,424)**
SPECIAL FUND REVENUES						
Mandate Relief						
Repeal National Capital Strategic Economic Development Program and Funding Mandate	0	(7,200,000)	(7,200,000)	(7,200,000)	(7,200,000)	(7,200,000)
Reduce Mandate for the Maryland Health Benefit Exchange	0	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Eliminate the Pension Sweeper and OPEB Payments in FY 2021 Only	0	(50,000,000)	0	0	0	0
Alter Local Reserve Account Repayments	0	(33,300,000)	(33,300,000)	(33,300,000)	(33,300,000)	(33,300,000)
Alter Medicaid Deficit Assessment Reduction	0	10,000,000	0	0	0	0
Subtotal -- Mandate Relief	***0***	***(83,500,000)***	***(43,500,000)***	***(43,500,000)***	***(43,500,000)***	***(43,500,000)***
Fund Swaps, Cost Shifts, and Cost Control						
Slow Phase-in of Revenue Volatility Adjustment	0	(133,700,000)	(266,800,000)	(201,800,000)	(139,900,000)	(122,500,000)
Increase Local Cost Share of Property Tax Assessments	0	4,355,774	4,400,000	4,500,000	4,600,000	4,700,000
Restructure Transfer Tax Repayment Provisions	0	0	0	12,500,000	0	2,000,000
Transfer Dedicated Purpose Account Funds for FY 2020 POS Replacement	0	(43,860,950)	0	0	0	0
Revert Dedicated Purpose Account Funds for Pension Sweeper and WMATA	(62,000,000)	0	0	0	0	0
Subtotal -- Fund Swaps and Cost Shifts	***(62,000,000)***	***(173,205,176)***	***(262,400,000)***	***(184,800,000)***	***(135,300,000)***	***(115,800,000)***
TOTAL SPECIAL FUND REVENUES	**(62,000,000))**	**(256,705,176)**	**(305,900,000)**	**(228,300,000)**	**(178,800,000)**	**(159,300,000)**

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SPECIAL FUND EXPENDITURES						
Mandate Relief						
Repeal National Capital Strategic Economic Development Program and Funding Mandate	0	(7,200,000)	(7,200,000)	(7,200,000)	(7,200,000)	(7,200,000)
Adjust DDA Provider Rates	0	(70,130)	(70,130)	(70,130)	(70,130)	(70,130)
Reduce Mandate for the Maryland Health Benefit Exchange	0	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Eliminate the Pension Sweeper and OPEB Payments in FY 2021 Only	0	0	0	180,000	190,000	200,000
Alter Local Reserve Account Repayments	0	(33,300,000)	(33,300,000)	(33,300,000)	(33,300,000)	(33,300,000)
Alter Medicaid Deficit Assessment Reduction	0	10,000,000	0	0	0	0
Subtotal -- Mandate Relief	***0***	***(33,570,130)***	***(43,570,130)***	***(43,390,130)***	***(43,380,130)***	***(43,370,130)***
Fund Swaps, Cost Shifts, and Cost Control						
Alter Abandoned Property Notification Requirements	0	(320,000)	(400,000)	(400,000)	(400,000)	(400,000)
Increase Local Cost Share of Property Tax Assessments	0	4,355,774	4,400,000	4,500,000	4,600,000	4,700,000
Restructure Transfer Tax Repayment Provisions	0	0	0	12,500,000	0	2,000,000
Transfer Fund Balance from the Board of Physicians to the Loan Assistance Repayment Program	0	400,000	0	0	0	0
Transfer Dedicated Purpose Account Funds for FY 2020 POS Replacement	0	(43,860,950)	0	0	0	0
Subtotal -- Fund Swaps and Cost Shifts	***0***	***(39,425,176)***	***4,000,000***	***16,600,000***	***4,200,000***	***6,300,000***
TOTAL SPECIAL FUND EXPENDITURES	**0**	**(72,995,306)**	**(39,570,130)**	**(26,790,130)**	**(39,180,130)**	**(37,070,130)**
FEDERAL FUND REVENUES						
Adjust DDA Provider Rates	0	(11,825,575)	(12,748,056)	(13,532,678)	(14,365,328)	(15,248,945)
Adjust BHA Provider Rates	0	(13,021,511)	(18,954,408)	(20,070,858)	(21,077,945)	(22,375,505)
Adjust Medicaid Provider Rates	0	(19,212,091)	(20,170,420)	(20,934,274)	(21,729,354)	(22,557,030)
Reduce Mandate for the Maryland Health Benefit Exchange	0	0	0	0	0	0
TOTAL FEDERAL FUND REVENUES	**0**	**(44,059,177)**	**(51,872,884)**	**(54,537,810)**	**(57,172,627)**	**(60,181,480)**

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
FEDERAL FUND EXPENDITURES						
Adjust DDA Provider Rates	0	(11,825,575)	(12,748,056)	(13,532,678)	(14,365,328)	(15,248,945)
Adjust BHA Provider Rates	0	(13,021,511)	(18,954,408)	(20,070,858)	(21,077,945)	(22,375,505)
Adjust Medicaid Provider Rates	0	(19,212,091)	(20,170,420)	(20,934,274)	(21,729,354)	(22,557,030)
Eliminate the Pension Sweeper and OPEB Payments in FY 2021 Only	0	0	0	180,000	190,000	200,000
Reduce Mandate for the Maryland Health Benefit Exchange	0	(-)	(-)	(-)	(-)	(-)
TOTAL FEDERAL FUND EXPENDITURES	**0**	**(44,059,177)**	**(51,872,884)**	**(54,357,810)**	**(56,982,627)**	**(59,981,480)**
OTHER FUND REVENUES						
Alter Local Reserve Account Repayments (Nonbudgeted)	0	(23,300,000)	(23,300,000)	(23,300,000)	(23,300,000)	(23,300,000)

BHA: Behavior Health Administration
DDA: Developmental Disabilities Administration
OPEB: Other Postemployment Benefits
POS: Program Open Space
WMATA: Washington Metropolitan Transit Area Authority

Source: Department of Legislative Services

Appendix C
Impact on Local Jurisdictions of Selected Provisions of the Budget Reconciliation and Financing Act of 2020
Fiscal 2021
(Shown in $)

County	State Aid for Local Community Colleges	Property Tax Assessments Local Cost Share	Total Impact
Allegany	-413,627	75,358	-488,985
Anne Arundel	-2,146,140	416,832	-2,562,972
Baltimore City	0	439,306	-439,306
Baltimore	-3,171,982	561,971	-3,733,953
Calvert	-129,068	77,547	-206,615
Caroline	-106,418	28,532	-134,950
Carroll	-510,174	125,258	-635,432
Cecil	-354,129	92,392	-446,521
Charles	-423,079	122,326	-545,405
Dorchester	-72,756	39,599	-112,355
Frederick	-888,363	175,287	-1,063,650
Garrett	-160,232	54,800	-215,032
Harford	-897,220	190,057	-1,087,277
Howard	-1,650,524	211,297	-1,861,821
Kent	-29,586	23,062	-52,648
Montgomery	-3,133,331	645,591	-3,778,922
Prince George's	-2,341,517	557,271	-2,898,788
Queen Anne's	-125,080	44,716	-169,796
St. Mary's	-149,781	90,309	-240,090
Somerset	-67,853	31,928	-99,781
Talbot	-113,323	36,600	-149,923
Washington	-784,063	111,892	-895,955
Wicomico	-379,859	85,886	-465,745
Worcester	-148,445	117,957	-266,402
Total	**-18,196,550**	**4,355,774**	**-22,552,324**

Notes: Numbers may sum to a total greater than the required reduction to State aid or higher cost share due to rounding of jurisdictions' shares; the State aid reflects a reduction in local revenues whereas the local cost share reflects the amount of increased local costs.

Source: Department of Legislative Services

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Budget Reconciliation and Financing Act of 2020

BILL NUMBER: SB 192/HB 152

PREPARED BY: Governor's Legislative Office

PART A. ECONOMIC IMPACT RATING

___ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

__X__WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The BRFA would potentially have an impact on small businesses in the following three instances:

- to the extent community services providers are small businesses, payments would be decreased under the BRFA, which reduces the rate increase;
- the cap on the film tax credit could similarly impact small businesses to the extent that additional film projects would have generated income for small business; and
- to the extent the reduced funding for Seed and the National Capital Strategic Economic Development programs would have gone to contracts with small businesses, there would be some impact there.