

HOUSE APPROPRIATIONS COMMITTEE
COMMITTEE REPRINT

HOUSE BILL 1407

B1

9lr3293
CF SB 1040

By: **Chair, Appropriations Committee**

Introduced and read first time: February 28, 2019

Rules suspended

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Budget Reconciliation and Financing Act of 2019**

3 FOR the purpose of authorizing or altering the distribution of certain revenue; altering
4 certain required appropriations; expanding the uses of certain funds; specifying that
5 certain money received by a certain department is included as a revenue source for
6 a certain Fund; altering the cap on a certain adjustment to a certain revenue
7 estimate relating to nonwithholding income tax revenues; requiring, for a certain
8 fiscal year, the distribution of certain revenues to a certain Fund to be used for a
9 certain purpose; requiring the Governor to include in the budget bill submitted at a
10 certain General Assembly session an appropriation equal to a certain amount to be
11 used for a certain purpose; repealing the authority of a certain Commission to adjust,
12 under certain circumstances, the distribution of proceeds from video lottery
13 terminals in Baltimore City, Anne Arundel County, and Cecil County; altering, for a
14 certain fiscal year, a certain budgeted Medicaid Deficit Assessment; requiring a
15 certain amount of money to be available in a certain Fund at the end of a certain
16 fiscal year to be used for a certain purpose; authorizing the Governor to process a
17 certain budget amendment to appropriate certain revenues to be used for a certain
18 purpose if a certain condition is met; authorizing the transfer of certain funds;
19 making a stylistic change; and generally relating to the financing of State and local
20 government.

1

21 BY repealing and reenacting, without amendments,

22 Article – Education

23 Section 6–117.1(a)(1) and (3)

24 Annotated Code of Maryland

25 (2018 Replacement Volume and 2018 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
2 Article – Education
3 Section 6–117.1(e)(1)
4 Annotated Code of Maryland
5 (2018 Replacement Volume and 2018 Supplement)

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cont

6 BY repealing and reenacting, without amendments,
7 Article – Labor and Employment
8 Section 10–301(a) and (c)
9 Annotated Code of Maryland
10 (2016 Replacement Volume and 2018 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – Labor and Employment
13 Section 10–314
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2018 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – State Finance and Procurement
18 Section 3A–309(a), (b), (e), (h), and (i) ~~and 6–104(a)(1), 6–104(a)(1), and 7–330(b), (c),~~
19 ~~and (f)~~
20 Annotated Code of Maryland
21 (2015 Replacement Volume and 2018 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article – State Finance and Procurement
24 Section 3A–309(f) ~~and 6–104(e), 6–104(e), 7–329, and 7–330(g) and (j)~~
25 Annotated Code of Maryland
26 (2015 Replacement Volume and 2018 Supplement)

27 BY repealing
28 Article – State Government
29 Section 9–1A–37(c)
30 Annotated Code of Maryland
31 (2014 Replacement Volume and 2018 Supplement)

32 BY repealing and reenacting, with amendments,
33 Chapter 397 of the Acts of the General Assembly of 2011, as amended by Chapter
34 425 of the Acts of the General Assembly of 2013, Chapter 464 of the Acts of
35 the General Assembly of 2014, Chapter 489 of the Acts of the General
36 Assembly of 2015, Chapter 23 of the Acts of the General Assembly of 2017,
37 and Chapter 10 of the Acts of the General Assembly of 2018
38 Section 16(c)

39 BY repealing and reenacting, with amendments,

Chapter 489 of the Acts of the General Assembly of 2015, as amended by Chapter 321 of the Acts of the General Assembly of 2016
Section 9(c)

BY adding to

Chapter 489 of the Acts of the General Assembly of 2015, as amended by Chapter 321 of the Acts of the General Assembly of 2016
Section 9(d)

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

Article – Education

11 6-117.1.

(a) (1) In this section the following words have the meanings indicated.

13 (3) "Program" means the Teacher Induction, Retention, and Advancement
14 Pilot Program.

15 (e) (1) (i) For fiscal year 2018, the Governor shall include in the annual
16 budget bill an appropriation of \$2,100,000 to the Program.

(ii) For fiscal year 2019, the Governor shall include in the annual budget bill an appropriation of \$3,000,000 for the Program.

19 (iii) For fiscal year 2020 and each fiscal year thereafter, the Governor
20 shall include in the annual budget bill an appropriation of **[\$5,000,000] \$1,000,000** for the
21 Program.

Article – Labor and Employment

23 10-301.

(a) In this subtitle the following words have the meanings indicated.

(c) "Fund" means the Uninsured Employers' Fund.

26 10-314.

27 (a) The Fund shall consist of:

(1) the money credited to the Fund under Title 9 of this article;

1 (3) interest on deposits or investments of money from the Fund.

2 (b) The Director shall use the Fund to pay:

3 (1) each award under Title 9 of this article charged against the Fund;

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cont

4 (2) the amount that the Director authorizes for an expert or witness hired
5 under § 10–310(c) of this subtitle;

6 (3) other proper charges that the Director authorizes; [and]

7 (4) whenever an employer who is self–insured in accordance with § 9–404

8 or § 9–405 of this article becomes insolvent, any outstanding obligations of the employer;

9 AND

10 **(5) HEARING LOSS CLAIMS FOR RETIREES OF THE BETHLEHEM**
11 **STEEL CORPORATION.**

12 (c) The liability of the Board, Director, Fund, State Treasurer, and State for all
13 proper charges against the Fund is limited to the assets of the Fund.

14 **Article – State Finance and Procurement**

15 3A–309.

16 (a) There is a Major Information Technology Development Project Fund.

17 (b) The purpose of the Fund is to support major information technology
18 development projects.

19 (e) Except as provided in subsection (f) of this section, the Fund consists of:

20 (1) money appropriated in the State budget to the Fund;

21 (2) as approved by the Secretary, money received from:

22 (i) the sale, lease, or exchange of communication sites,
23 communication facilities, or communication frequencies for information technology
24 purposes; or

25 (ii) an information technology agreement involving resource
26 sharing;

27 (3) that portion of money earned from pay phone commissions to the extent
28 that the commission rates exceed those in effect in December 1993;

(4) money received and accepted as contributions, grants, or gifts as authorized under subsection (c) of this section;

6 (i) are unencumbered and unexpended at the end of a fiscal year;

7 (ii) have been abandoned; or

8 (iii) have been withheld by the General Assembly or the Secretary,

9 (6) any investment earnings; and

10 (7) any other money from any source accepted for the benefit of the Fund.

11 (f) The Fund does not include any money:

12 (1) received by the [Department of Transportation,] Maryland
13 Transportation Authority[,] or THE Maryland Public Broadcasting Commission;

14 (2) received by the Judicial or Legislative branches of State government; or

18 (h) Expenditures from the Fund shall be made only:

(1) in accordance with an appropriation approved by the General Assembly
in the annual State budget; or

26 (i) The Fund may be used:

27 (1) for major information technology development projects;

28 (2) as provided in subsections (j) and (l) of this section; or

4 6-104.

28 1. [0.5%] **0.25%** for fiscal year 2020;

29 2. 1% for fiscal year 2021; and

30 3. 2% for fiscal year 2022 and each fiscal year thereafter.

31 (iii) The capped estimate calculated under this paragraph shall be
32 incorporated in the revenue estimate the Bureau shall report to the Board in the report
33 required under subsection (b)(2) of this section.

1 (a) (1) In this section the following words have the meanings indicated.

2 (2) "Fund" means the Fiscal Responsibility Fund established under §
3 7-330 of this subtitle.

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4 (3) (i) "Nonwithholding income tax revenues" means the State share of
5 income tax quarterly estimated and final payments with returns made by individuals, as
6 defined in § 10-101 of the Tax – General Article.

7 (ii) "Nonwithholding income tax revenues" does not include:

8 1. the county share of income tax quarterly estimated and
9 final payments with returns made by individuals;

10 2. income tax payments made by corporations;

11 3. income tax refunds paid to individuals or corporations; or

12 4. income tax withholding.

13 (b) At the end of fiscal year 2020, and each fiscal year thereafter, if General Fund
14 revenues for the fiscal year are less than the March estimate of the Board of Revenue
15 Estimates, the amount of nonwithholding income tax revenues that exceeds the capped
16 estimate determined under § 6-104(e) of this article shall be applied to close the gap in
17 revenues for that fiscal year.

18 **(B-1) AT THE END OF FISCAL YEAR 2020 ONLY, IF THE AMOUNT OF**
19 **NONWITHHOLDING INCOME TAX REVENUES THAT EXCEEDS THE CAPPED ESTIMATE**
20 **DETERMINED UNDER § 6-104(E) OF THIS ARTICLE EXCEEDS THE AMOUNT**
21 **NECESSARY TO CLOSE THE GAP IN REVENUES UNDER SUBSECTION (B) OF THIS**
22 **SECTION, THE STATE COMPTROLLER SHALL DISTRIBUTE THE REMAINDER TO THE**
23 **FISCAL RESPONSIBILITY FUND ESTABLISHED UNDER § 7-330 OF THIS SUBTITLE**
24 **FOR THE PURPOSE OF PROVIDING A ONE-TIME BONUS IN FISCAL YEAR 2021 FOR**
25 **PERMANENT EMPLOYEES IN THE EXECUTIVE, JUDICIAL, AND LEGISLATIVE**
26 **BRANCHES OF STATE GOVERNMENT WHO ARE NOT:**

27 **(1) IN A BARGAINING UNIT THAT HAS AGREED TO AND RATIFIED THE**
28 **ECONOMIC TERMS OF A MEMORANDUM OF UNDERSTANDING FOR FISCAL YEAR 2020;**
29 **OR**

30 **(2) (I) ELECTED TO A POSITION BY POPULAR VOTE;**

31 **(II) IN A POSITION BY ELECTION OR APPOINTMENT THAT IS**
32 **PROVIDED FOR BY THE MARYLAND CONSTITUTION; OR**

1 **(III) IN THE EXECUTIVE PAY PLAN.**

2 (c) [If] EXCEPT AS PROVIDED IN SUBSECTION (B-1) OF THIS SECTION, IF the
3 amount of nonwithholding income tax revenues that exceeds the capped estimate
4 determined under § 6-104(e) of this article exceeds the amount necessary to close the gap
5 in revenues under subsection (b) of this section, and if the balance of the Revenue
6 Stabilization Account under § 7-311 of this subtitle is less than 6% of the estimated General
7 Fund revenues for that fiscal year, the State Comptroller shall distribute to the Revenue
8 Stabilization Account the lesser of:

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9 (1) the remaining balance of nonwithholding income tax revenues in excess
10 of the capped estimate determined under § 6-104(e) of this article; or

11 (2) the amount required for the Revenue Stabilization Account balance to
12 equal 6% of the estimated General Fund revenues for that fiscal year.

13 (d) [If] EXCEPT AS PROVIDED IN SUBSECTION (B-1) OF THIS SECTION, IF the
14 amount of nonwithholding income tax revenues that exceeds the capped estimate
15 determined under § 6-104(e) of this article exceeds the amount the State Comptroller is
16 required to distribute to the Revenue Stabilization Account under subsection (c) of this
17 section, the State Comptroller shall distribute:

18 (1) subject to subsection (e) of this section, 50% of the remaining amount to
19 the Revenue Stabilization Account; and

20 (2) the remainder to the Fiscal Responsibility Fund established under §
21 7-330 of this subtitle.

22 (e) The distribution to the Revenue Stabilization Account under subsection (d)(1)
23 of this section does not apply if the amount in the Revenue Stabilization Account exceeds
24 10% of General Fund revenues.

25 7-330.

26 (b) There is a Fiscal Responsibility Fund.

27 (c) The purpose of the Fund is to retain the amount of nonwithholding income tax
28 revenues deposited to the Fund in accordance with § 7-329(d)(2) of this subtitle until the
29 revenues are appropriated in the State budget.

30 (f) The Fund consists of nonwithholding income tax revenues that exceed the
31 capped estimate determined under § 6-104(e) of this article deposited into the Fund by the
32 State Comptroller under § 7-329(d)(2) of this subtitle.

33 (g) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
34 SUBSECTION, THE Fund may be used only to provide pay-as-you-go capital funds for:

1 [(1)] (I) public school construction and public school capital improvement
2 projects, in accordance with Title 5, Subtitle 3 of the Education Article;

3 [(2)] (II) capital projects at public community colleges; and

4 [(3)] (III) capital projects at four-year public institutions of higher
5 education.

6 (2) FOR FISCAL YEAR 2021 ONLY, MONEY IN THE FUND SHALL BE
7 USED TO PROVIDE A ONE-TIME BONUS FOR PERMANENT EMPLOYEES IN THE
8 EXECUTIVE, JUDICIAL, AND LEGISLATIVE BRANCHES OF STATE GOVERNMENT WHO
9 ARE NOT:

10 (I) IN A BARGAINING UNIT THAT HAS AGREED TO AND RATIFIED
11 THE ECONOMIC TERMS OF A MEMORANDUM OF UNDERSTANDING FOR FISCAL YEAR
12 2020; OR

13 (II) 1. ELECTED TO A POSITION BY POPULAR VOTE;

14 2. IN A POSITION BY ELECTION OR APPOINTMENT THAT
15 IS PROVIDED FOR BY THE MARYLAND CONSTITUTION; OR

16 3. IN THE EXECUTIVE PAY PLAN.

17 (j) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS
18 SUBSECTION, THE Governor shall include in the budget bill for the second following fiscal
19 year an appropriation equal to the amount in the Fund for pay-as-you-go capital projects.

20 (2) Money expended from the Fund for pay-as-you-go capital projects is
21 supplemental to and is not intended to take the place of funding that otherwise would be
22 appropriated for capital projects, including those funded with pay-as-you-go funds and
23 the proceeds from the sale of general obligation bonds.

24 (3) THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL
25 SUBMITTED AT THE 2021 SESSION OF THE GENERAL ASSEMBLY AN APPROPRIATION
26 EQUAL TO THE AMOUNT DISTRIBUTED TO THE FUND IN ACCORDANCE WITH §
27 7-329(B-1) OF THIS SUBTITLE TO PROVIDE A ONE-TIME BONUS IN FISCAL YEAR
28 2021 FOR PERMANENT EMPLOYEES IN THE EXECUTIVE, JUDICIAL, AND
29 LEGISLATIVE BRANCHES OF STATE GOVERNMENT WHO ARE NOT:

30 (I) IN A BARGAINING UNIT THAT HAS AGREED TO AND RATIFIED
31 THE ECONOMIC TERMS OF A MEMORANDUM OF UNDERSTANDING FOR FISCAL YEAR
32 2020; OR

33 (II) 1. ELECTED TO A POSITION BY POPULAR VOTE;

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3. IN THE EXECUTIVE PAY PLAN.

Article – State Government

5 9-1A-37.

6 I(c) (1) Subject to paragraphs (2) through (5) of this subsection, if a video
7 lottery operation license is awarded to a video lottery facility in Prince George's County,
8 the Commission may increase for a video lottery facility located in:

4

15 (2) If the Commission increases the percentage of proceeds from video
16 lottery terminals for the video lottery facility in Anne Arundel County under paragraph (1)
17 of this subsection, the Commission shall increase the percentage of proceeds for the video
18 lottery facility in Baltimore City by at least the same percentage point increase as for Anne
19 Arundel County.

28 2. capital improvements at the video lottery facility.

32 (ii) Any adjustment authorized under this subsection may not take
33 effect:

1 1. until a video lottery operation license is issued to a video
2 lottery facility in Prince George's County; and

3 2. earlier than July 1, 2019.

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6 (5) Before the Commission may make a determination on any adjustment
7 under this subsection, the Commission shall report to the Governor and the General
8 Assembly, in accordance with § 2-1246 of this article, on:

9 (i) the impact on existing facilities from a video lottery facility
10 located in Prince George's County;

11 (ii) unexpected monetary gains to licensees from factors including
12 the delayed opening of other facilities;

13 (iii) the monetary benefit to existing licensees from the removal of
14 statutory or regulatory restrictions on video lottery operations;

15 (iv) increased revenue to licensees from the authorization of table
16 games;

17 (v) the impact of any adjustments to the Education Trust Fund;

18 (vi) the tax implications, if any, and cost of the ownership of the video
19 lottery terminals by video lottery facilities; and

20 (vii) any other factors related to the gaming market in Maryland and
21 the ability of the State gaming program to compete with surrounding states.]

22 **Chapter 397 of the Acts of 2011, as amended by Chapter 425 of the Acts of 2013,**
23 **Chapter 464 of the Acts of 2014, Chapter 489 of the Acts of 2015, Chapter 23 of**
24 **the Acts of 2017, and Chapter 10 of the Acts of 2018**

25 SECTION 16. AND BE IT FURTHER ENACTED, That, in addition to any other
26 revenue generated under § 19-214 of the Health – General Article, as amended by this Act:

27 (c) (1) For fiscal year 2015 and 2016, the Commission and the [Department of
28 Health and Mental Hygiene] **MARYLAND DEPARTMENT OF HEALTH** shall adopt policies
that will provide up to \$389,825,000 in special fund revenues from hospital assessment and
remittance revenue.

29 (2) For fiscal year 2017, the Governor shall reduce the budgeted Medicaid
30 Deficit Assessment by \$25,000,000 over the assessment level for the prior year.

31 (3) For fiscal year 2018, the budgeted Medicaid Deficit Assessment shall be
32 \$364,825,000.

1 (4) For fiscal year 2019, the budgeted Medicaid Deficit Assessment shall be
2 \$334,825,000.

3 (5) For fiscal year 2020, the budgeted Medicaid Deficit Assessment shall be
4 **[\$294,825,000] \$314,825,000.**

5 (6) Beginning with the State budget submission for fiscal year 2021, the
6 Governor shall reduce the budgeted Medicaid Deficit Assessment annually by \$25,000,000
7 over the assessment level for the prior fiscal year.

(7) To the extent that the Commission takes other actions that reduce Medicaid costs, those savings shall also be used to reduce the budgeted Medicaid Deficit Assessment.

14 Chapter 489 of the Acts of 2015, as amended by Chapter 321 of the Acts of 2016

15 SECTION 9. AND BE IT FURTHER ENACTED, That, notwithstanding any other
16 provision of law:

17 (c) (1) Except as provided in paragraph (2) of this subsection **AND SUBJECT**
18 **TO SUBSECTION (D) OF THIS SECTION**, the remaining fund balance obtained from the
19 federal Medicare program or the Medicaid program may be used in fiscal years 2016
20 through 2019 to support integrated care networks designed to reduce health care
21 expenditures and improve outcomes for unmanaged high-needs Medicare patients and
22 patients dually eligible for Medicaid and Medicare, consistent with the goals of Maryland's
23 all-payer model.

27 (D) (1) AT THE END OF FISCAL YEAR 2019, THE FUND BALANCE
28 OBTAINED FROM THE FEDERAL MEDICARE PROGRAM OR THE MEDICAID PROGRAM
29 SHALL BE NOT LESS THAN \$10 000 000

1 SECTION 2. AND BE IT FURTHER ENACTED, That the unexpended
2 appropriation for a utilization review audit contract in Community Services (M00M01.02)
3 within the Developmental Disabilities Administration in the Maryland Department of
4 Health, that was included in the fiscal year 2019 operating budget (Chapter 570 of the Acts
5 of 2018) is reduced by \$2,309,355 in federal funds and \$3,124,422 in general funds, which
6 shall revert to the General Fund.

7 SECTION 3. AND BE IT FURTHER ENACTED, That the unexpended
8 appropriation for a financial management services contract for self-directed services in
9 Community Services (M00M01.02) within the Developmental Disabilities Administration
10 in the Maryland Department of Health, that was included in the fiscal year 2019 operating
11 budget (Chapter 570 of the Acts of 2018) is reduced by \$602,758 in federal funds and
12 \$815,496 in general funds, which shall revert to the General Fund.

13 ~~SECTION 4. AND BE IT FURTHER ENACTED, That the unexpended
14 appropriation for residential per diems within the Department of Juvenile Services that
15 was included in the fiscal year 2019 operating budget (Chapter 570 of the Acts of 2018)
16 shall be reduced by \$4,000,000 in general funds.~~

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17 SECTION ~~5.~~ 4. AND BE IT FURTHER ENACTED, That the unexpended
18 appropriation for correctional officer positions within the Department of Public Safety and
19 Correctional Services that was included in the fiscal year 2019 operating budget (Chapter
20 570 of the Acts of 2018) shall be reduced by ~~\$15,000,000~~ \$7,500,000 in general funds.

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21 SECTION ~~6.~~ 5. AND BE IT FURTHER ENACTED, That the unexpended
22 appropriation in the Medicaid program that was included in the fiscal year 2019 operating
23 budget (Chapter 570 of the Acts of 2018) shall be reduced by \$25,000,000 in general funds.

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24 SECTION ~~7.~~ 6. AND BE IT FURTHER ENACTED, That, notwithstanding any other
25 provision of law, \$10,000,000 of the funds in the Economic Development Opportunities
26 Account under § 7-314 of the State Finance and Procurement Article shall revert to the
27 General Fund.

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28 SECTION ~~8.~~ 7. AND BE IT FURTHER ENACTED, That the unexpended
29 appropriation for the Teacher Induction, Retention, and Advancement Pilot Program under
30 § 6-117.1 of the Education Article that was included in the fiscal year 2019 operating
31 budget (Chapter 570 of the Acts of 2018) shall be reduced by \$2,000,000 in general funds,
32 which shall revert to the General Fund.

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cont

33 SECTION ~~9.~~ 8. AND BE IT FURTHER ENACTED, That, notwithstanding any other
34 provision of law, for fiscal year 2020 only, \$2,000,000 from the Maryland Trauma Physician
35 Services Fund under § 19-130 of the Health – General Article may be used for Medicaid
36 provider reimbursements.

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37 SECTION 9. AND BE IT FURTHER ENACTED, That the Governor is authorized to
38 process a budget amendment to appropriate \$15,766,919 in additional Education Trust
39 Fund revenues received in fiscal year 2020 as a result of the repeal of § 9-1A-37(c) of the

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cont

1 State Government Article as enacted by Section 1 of this Act. If Chapter (S.B.
2 1030/H.B. 1413) of the Acts of the General Assembly of 2019 takes effect, the special funds
3 may be appropriated only to provide additional funding for students with disabilities as
4 specified in Section 5 of Chapter (S.B. 1030/H.B. 1413) of the Acts of the General
5 Assembly of 2019.

4
cont

6 SECTION 10. AND BE IT FURTHER ENACTED, That, notwithstanding § 7-311(i)
7 of the State Finance and Procurement Article or any other provision of law, for fiscal year
8 2020 only, and only as provided in the fiscal year 2020 operating budget bill, funds may be
9 transferred by budget amendment from the Revenue Stabilization Account established
10 under § 7-311 of the State Finance and Procurement Article and funds may be transferred
11 by budget amendment from the Dedicated Purpose Account established under § 7-310 of
12 the State Finance and Procurement Article and may be used for fiscal year 2020 for
13 purposes as specified in the fiscal year 2020 operating budget bill.

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14 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 June 1, 2019.

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cont