THE 90 DAY REPORT

A Review of the 2013 Legislative Session

Department *of* Legislative Services

MARYLAND GENERAL ASSEMBLY

Cover Photograph by Marion E. Warren

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General Assembly of Maryland
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Department of Legislative Services
Office of the Executive Director
Maryland General Assembly

Karl S. Aro
Executive Director

April 12, 2013

The Honorable Thomas V. Mike Miller, Jr., President of the Senate
The Honorable Michael E. Busch, Speaker of the House of Delegates
The Honorable Members of the General Assembly

Ladies and Gentlemen:

I am pleased to present you with *The 90 Day Report – A Review of the 2013 Legislative Session.*

Once again *The 90 Day Report* consists of a single volume. The report is divided into 12 parts, each dealing with a major policy area. Each part contains a discussion of the majority of bills passed in that policy area, including comparisons with previous sessions and current law, background information, as well as a discussion of significant bills that did not pass. Information relating to the operating budget, capital budget, and aid to local governments is found in Part A.

I hope that you will find *The 90 Day Report* as helpful this year as you have in the past. The *Effect of the 2013 Legislative Program on the Financial Condition of the State* will be issued after the Governor has taken final action on all bills.

Sincerely,

Karl S. Aro
Executive Director

KSA/ncs

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Operating Budget

Overview

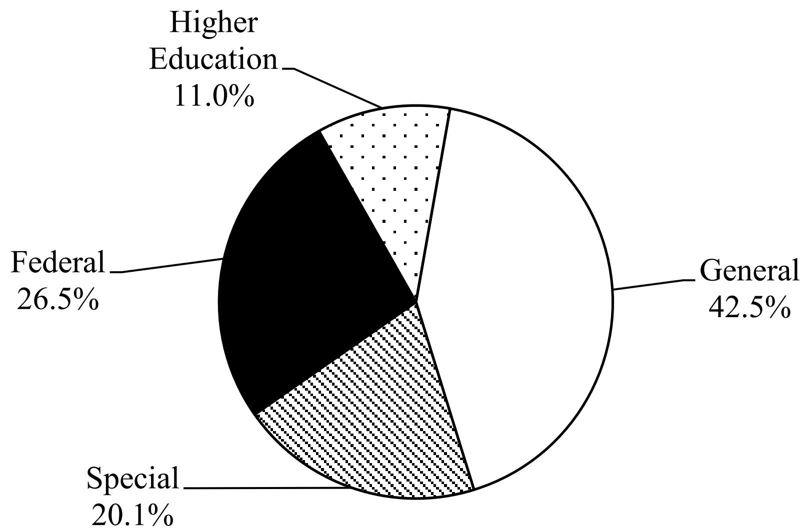
Budget activity at the 2013 session focused on continued efforts to reduce the size of the structural deficit, representing the third year in a three-year effort to reduce the ongoing shortfall between ongoing general fund revenues and spending to a manageable level. Per the methodology recommended by the Spending Affordability Committee (SAC), the enacted budget reduced the projected fiscal 2014 general fund structural deficit by $211.0 million. The general fund cash balance is estimated at $295.9 million at the end of fiscal 2014, in addition to $767.6 million in the Rainy Day Fund. Moreover, nearly $100.0 million was set aside in the Dedicated Purpose Account specifically to offset the effects of federal spending reductions.

Budget in Brief

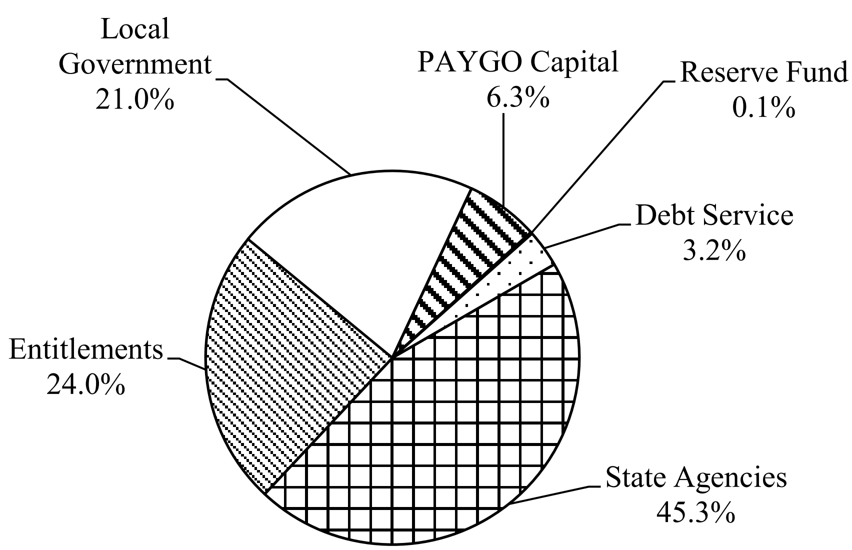
The Fiscal Year 2014 Budget Bill, ***House Bill 100*** ***(enacted)***, provides $36.9 billion in appropriations for fiscal 2014 – an increase of $1.1 billion (3.0%) above fiscal 2013. **Exhibit A-1.1** illustrates funding by type of revenue. General fund spending accounts for 42.5% of the total budget. Federal funds support 26.5% of all spending. Special funds constitute 20.1% of the budget, and higher education revenue provides the remaining 11%. State agency operations constitute the largest area of spending, representing 45.3% of the total budget. Entitlements account for 24.0% of the budget, and 21.0% is provided as aid to local governments. Remaining appropriations fund pay-as-you-go (PAYGO) capital spending, debt service on State general obligation (GO) bonds, and transfers to the State Reserve Fund.

Exhibit A-1.1

Maryland's $36.9 Billion Fiscal 2014 Budget
Where It Comes From: Budget by Fund Source



Where It Goes: Budget by Purpose



PAYGO: pay-as-you-go capital

General fund appropriations increase by $986.4 million, or 6.7%, over the fiscal 2013 working appropriation. A large portion of the increase totaling $430.3 million is related to the accounting adjustment related to budget action at the 2012 session and the First Special Session of 2012 which created a one-time $430.3 million Budget Restoration Fund (BRF). State agency spending increases by $401.4 million, or 6.6%. Higher education receives an additional $109.5 million, State employee personnel-related costs account for another $178.1 million. Of this, $100.3 million annualizes the 2.0% general salary increase from fiscal 2013, provides one-half year of funding for the 3.0% general salary increase in fiscal 2014, and provides for merit increases effective April 1, 2014. Another $77.8 million funds contributions to State employee health and retirement plans. Local aid rises by $437.8 million, or 7.4%. Most of this is due to mandated education aid formulas and the State share of teacher retirement costs. PAYGO capital spending grows by $46.7 million due to one-time spending for school security and new funding for energy efficiency programs. An appropriation of $83.0 million is made for debt service on GO bonds.

Special funds decrease by $402.4 million, or 5.25%, compared to the fiscal 2013 working appropriation. However, the year-over-year trend is skewed by the one-time funding in the BRF of 2012. Absent the BRF of 2012, special funds grow by a net of $27.9 million or 0.4%. Large increases are found in the budget for transportation PAYGO, operating expenses, and debt service offset by taking video lottery terminal vendor payments off-budget. Smaller changes include an increase for the special fund portion of the 3.0% general salary increase and a decrease in the Annuity Bond Fund based on the assumption of no bond premium.

Federal fund spending increases by $442.4 million, or 4.7%. Federal aid increases mostly for Medicaid expansion to 138.0% of the federal poverty (FPL) level on January 1, 2014, due to the federal Affordable Care Act, additional federal aid for transportation PAYGO capital, and higher caseloads for the Supplemental Nutrition Assistance Program. These increases were offset by lower federal education aid for students with disabilities, reduced funding for the One Maryland Broadband network as it nears completion, and the lowered expectation of Foster Care Title IV-E federal fund attainment.

The budgets for public higher education institutions increase by $143.7 million in total funds, or 2.8%, in fiscal 2014. Formula aid to community colleges increases by $13.8 million in fiscal 2014 to $213.0 million. Aid to nonpublic colleges and universities grows by $3.2 million, to $41.3 million.

With respect to personnel, the size of the regular State workforce increases by 0.28%, or 222 positions, to 79,750 regular positions in fiscal 2014. State employees receive a 3.0% general salary increase on January 1, 2014, and merit increments on April 1, 2014 (although operationally critical staff can receive merit increases earlier). For a more detailed discussion of personnel issues, see the subpart “Personnel” within Part A of this *90 Day Report*.

Framing the Session: 2012 Interim Activity

Board of Revenue Estimates Revenue Revisions

In September 2012, the Board of Revenue Estimates (BRE) revised the fiscal 2013 estimate upward by $180.6 million, nearly all due to better than expected performance from individual and corporate income taxes. Both sources were further revised upward in December 2012. BRE was concerned about the effects of federal spending cutbacks on Maryland's modest economic recovery from the 2008 recession and reduced estimated revenues by $194 million across fiscal 2013 and 2014 in anticipation of sequestration.

SAC Recommendations

SAC prepared its final report to the Governor in December 2012, which continued the methodology adopted for the 2011 session to eliminate the State's general fund structural deficit over three years.

Spending Limit and Sustainability: The committee recommended that the budget submitted by the Governor and approved by the General Assembly for fiscal 2014 reduce the general fund structural deficit by at least $200.0 million. This action would reduce the projected $383.0 million structural deficit to approximately $183.0 million.

Personnel: The committee recommended that the current complement of 79,626 regular positions was appropriate for the delivery of State services given the fiscal condition of the State. It was recommended that any new positions be accommodated within the current overall level, with exceptions provided for:

- critical security issues in State facilities;
- converting long-term contractual employees to regular State positions, when supported by special or federal funds;
- positions necessary to increase State revenues; or
- positions required to implement the Maryland Health Benefit Exchange.

State Reserve Fund: SAC recommended that the balance of the Rainy Day Fund should be maintained at or above 5% of estimated revenues and further recommended a general fund balance of at least $200 million.

Governor's Spending Plan as Introduced

For fiscal 2013, the Governor proposed $103 million in deficiency appropriations. Additional funding was provided for unrealized federal revenues, prior year shortfalls identified in closeout audits, workers' compensation claims, school assessment contracts, and a variety of miscellaneous increases across State government. A large portion of deficiency spending was offset by a reduction of nearly $94 million for Medicaid based on favorable enrollment trends. The fiscal plan submitted by the Administration provided for $37.4 billion in total spending for fiscal 2014. Relative to the $200 million recommendation made by SAC, the proposed budget reduced $217 million from the projected fiscal 2014 structural deficit. The Governor's proposed spending plan estimated a closing fiscal 2014 general fund balance of $236 million, including a $166 million transfer from the Rainy Day Fund. **Exhibit A-1.2** details the Governor's original general fund spending plan for fiscal 2013 and 2014.

Exhibit A-1.2
Governor's Original Budget Plan
Fiscal 2013-2014
($ in Millions)

	2013	2014
Opening Balance	**$551.2**	**$614.7**
Board of Revenue Estimates Revenues	$14,725.6	$15,351.2
Additional Revenues	1.1	1.2
Transfers	34.8	272.3
Subtotal	***$14,761.5***	***$15,624.7***
Appropriations and Deficiencies	$14,747.6	$16,141.0
Contingent Reductions	0.0	-102.7
Targeted Reversions	-19.6	-5.0
Subtotal	***$14,727.9***	***$16,033.4***
Reversions	-$30.0	-$30.0
Closing Balance	**$614.7**	**$236.0**

Source: Maryland Budget Highlights, Fiscal 2014

The Governor's budget plan was balanced in part through additional revenue assumptions, a proposed fund transfer, and spending cuts contingent upon legislative action through budget reconciliation legislation.

Revenue Assumptions: The Governor's fiscal 2014 spending plan assumed $110.5 million in additional revenues, as well as an offsetting loss of $20.1 million. The largest element was the proposed distribution of approximately one-half of the transfer tax to the general fund for five years, as shown in **Exhibit A-1.3**. The remaining increases were based on estimates of telecommunications revenue, the proposed repeal of the Maryland mined coal tax credit, Medicaid fraud recoveries, and a number of smaller revenues. These increases would be offset by the loss of $20.1 million from new or expanded tax credit programs. The Governor proposed to expand the film tax credit program to $25.0 million, to add $2.0 million to the biotechnology and research and development tax credits, and to create a new tax credit for cybersecurity investments.

Exhibit A-1.3

Proposed Transfer Tax Distributions to the General Fund

Fiscal 2014-2018
($ in Millions)

Fiscal Years	Transfer to the General Fund
2014	$89,198,555
2015	75,062,000
2016	77,064,000
2017	82,771,000
2018	86,028,000

Source: Department of Budget and Management

Fund Transfers: Fiscal 2013 was balanced in part by a $1 million transfer from the State Insurance Trust Fund to the general fund.

Contingent Reductions: The Governor also proposed $102.7 million in general fund reductions, contingent on the enactment of ***House Bill 102*** ***(passed)***. The two largest items were in the Dedicated Purpose Account of the State Reserve Fund. This included deferring $50.0 million for the mandated repayment of transfer tax revenue that helped balance the fiscal 2006 budget until fiscal 2016, and the first $50.0 million repayment to the Local Income Tax Reserve Account, which was part of a $550.0 million transfer to help balance the fiscal 2011 budget. The Governor proposed repealing repayment of the first $350.0 million that was due between fiscal 2014 and 2020. The remaining contingent reductions included $1.5 million in the Maryland State Department of Education (MSDE) based on local reimbursement for the cost of educating juveniles placed in a detention facility for 15 or more days, and $1.2 million in the Department of Natural Resources to permit the use of Program Open Space funds for administration.

Legislative Consideration of the Budget

Revenue and Spending Changes

Supplemental Budget No. 1: The Governor introduced one supplemental budget that increased spending by a total of $232.7 million (net of double counted funds for higher education and reimbursable funds). Some of the larger items that were funded include $83.6 million in federal funds for Medicaid provider reimbursements; $33.8 million for energy assistance, energy efficiency initiatives, and administrative expenses funded from the Excelon Corporation and Constellation Energy Group merger; $17.6 million for debt service on GO bonds; and $10.0 million allocated to the Dedicated Purpose Account to offset the impacts of federal sequestration. Spending increases are offset by withdrawn appropriations, including $10.0 million in additional video lottery terminal proceeds in support of local education aid, $7.2 million from lower mental health inpatient hospital utilization, and $0.5 million in over budgeted cover crop funding.

Reductions: The legislature reduced the fiscal 2013 budget by $65.0 million, with most of this in Medicaid based on favorable enrollment and utilization trends. Reductions to the fiscal 2014 budget eliminated 34 regular positions and reduced $592.1 million in all funds. Of this, $316.0 million was simply a reduction to the appropriation to the Rainy Day Fund in order to maximize the general fund balance in anticipation of the effects of federal spending cutbacks. Another $100.0 million in reductions implemented the Governor's recommendation to cut the two $50.0 million appropriations to the Dedicated Purpose Account, representing partial repayment of prior year transfers from the Local Income Tax Reserve Account and the transfer tax. Also, as proposed by the Governor, Program Open Space funding of $89.2 million in special funds was reduced to permit the transfer of funds to the general fund. Debt service was reduced by $18.0 million due to a larger than expected bond premium.

Final Actions Related to SAC

Limiting Spending Growth: **Exhibit A-1.4** indicates that final revenue and spending actions by the legislature reduced the fiscal 2014 structural deficit by $211 million, which exceeds the SAC recommendation to reduce the structural general fund deficit by at least $200 million.

Personnel: The budget as introduced funded 79,741 positions. Exemptions for contractual conversions, revenue generating positions, and to staff the Health Benefit Exchanges reduced this amount by 128, resulting in 79,613 positions on a spending affordability basis. Supplemental Budget No. 1 created 43 positions, of which 35 were created to implement the Firearm Safety Act of 2013, ***Senate Bill 281*** ***(passed)***. The legislature also abolished 34 positions from the base budget. At 79,622 positions, the fiscal 2014 personnel complement is below the 79,626 cap recommended by SAC for the 2013 session. Thus, the final action for State employment is consistent with the SAC recommendation.

Exhibit A-1.4
Operating Budget Affordability Limit
($ in Millions)

Target		
Estimated Structural Gap (December 2012)		-$383
Target Reduction		-200
Ongoing Revenues	$15,341	
50% of Transfer Tax	75	
Supplemental Budget No. 1	1	
Legislation	1	
Telecommunication Revenues to the General Fund	-7	
Other One-time Items	-2	
Subtotal		***$15,409***
Ongoing Spending	$15,675	
Rainy Day Fund	-55	
Program Open Space for Administration	1	
Supplemental Budget No. 1 One-time Spending	-7	
Pay-as-you-go Capital	-33	
Subtotal		***$15,581***
Amount Reduced from Structural Shortfall		**$211**
Remaining Structural Deficit		**$172**

Source: Department of Legislative Services

State Reserve Fund Balance: No funds are transferred to support fiscal 2014 spending, maintaining a $767.6 million balance in the Rainy Day Fund. This constitutes a 5% balance. Final action on the budget complied with the SAC recommendation to maintain at least a 5% balance.

Summary of Fiscal 2014 Legislative Activity

Exhibit A-1.5 shows the impact of the legislative budget on the general fund balance for fiscal 2013 and 2014. The fiscal 2013 balance is estimated to be $556.1 million, assuming $19.6 million in targeted reversions and another $30.0 million in unspecified reversions. At the end of fiscal 2014, the closing balance is estimated to be $295.9 million assuming $30.0 million in unspecified reversions.

Exhibit A-1.5
Final Legislative Budget Action with HB 102
Fiscal 2013-2014
($ in Millions)

	FY 2013	FY 2014
Opening Balance	**$551.2**	**$556.1**
Board of Revenue Estimates Revenues	$14,648.8	$15,312.7
Additional Revenues	38.3	29.2
Legislation	0.0	-16.2
Transfers	6.5	89.2
Subtotal	***$14,693.6***	***$15,414.9***
Appropriations/Supplemental/Deficiencies	$14,772.1	$16,175.9
Reductions	-31.1	-468.2
Contingent Reductions	2.7	-2.7
Reversions	-49.6	-30.0
Subtotal	***$14,688.7***	***$15,675.1***
Closing Balance	**$556.1**	**$295.9**

Source: Department of Legislative Services

Outlook for Future Budgets

As shown in **Exhibit A-1.6**, fiscal 2014 is projected to end with a $296 million fund balance. This is $260 million less than the projected fiscal 2013 fund balance. Primary reasons for the lower fund balance are that ongoing spending exceeds ongoing revenues by $172 million, appropriations into the reserve fund total $55 million, and PAYGO capital appropriations total $40 million.

Actions taken by the General Assembly and Governor reduce the fiscal 2014 structural deficit from $383 million (the December 2012 baseline estimate) to $172 million. This reduction was achieved by increasing revenues (such as redirecting transfer tax revenues to the general fund), reducing spending (by $128 million), and reducing multi-year commitments (eliminating the repayment to the Local Income Tax Reserve Account).

Exhibit A-1.6
General Fund Budget Outlook
Fiscal 2013-2018
($ in Millions)

Revenues	2013 Working	2014 Leg. Approp.	2015 Est.	2016 Est.	2017 Est.	2018 Est.	2014-18 Avg Annual Change
Opening Fund Balance	$551	$556	$296	$0	$0	$4	
Transfers	5	16	273	32	35	42	
One-time Revenues and Legislation	178	-10	0	0	0	0	
Subtotal One-time Revenue	***$734***	***$562***	***$569***	***$32***	***$35***	***$46***	***-46.5%***
Ongoing Revenues	$14,941	$15,408	$15,971	$16,727	$17,540	$18,285	
Revenue Adjustments and Legislation	0	1	-42	-53	-52	-52	
Subtotal Ongoing Revenue	***$14,941***	***$15,409***	***$15,929***	***$16,675***	***$17,488***	***$18,233***	***4.3%***
Total Revenues and Fund Balance	**$15,675**	**$15,971**	**$16,498**	**$16,706**	**$17,523**	**$18,279**	**3.4%**
Ongoing Spending							
Operating Spending	$14,904	$15,921	$16,817	$17,533	$18,208	$18,968	
VLT Revenues Supporting Education	-251	-350	-579	-643	-732	-764	
Multi-year Commitments	0	10	10	10	10	10	
Budget Restoration Fund Spending[1]	430	0	0	0	0	0	
Ongoing Spending – Legislation	0	0	-12	-13	-19	-23	
Subtotal Ongoing Spending	***$15,083***	***$15,581***	***$16,236***	***$16,887***	***$17,468***	***$18,191***	***3.9%***
One-time Spending							
PAYGO Capital	$3	$40	$1	$1	$1	$1	
One-time Reductions	0	-1	0	0	0	0	
Appropriation to Rainy Day Fund	33	55	286	50	50	50	
Subtotal One-time Spending	***$36***	***$94***	***$287***	***$51***	***$51***	***$51***	***-14.2%***
Total Spending	**$15,119**	**$15,675**	**$16,523**	**$16,938**	**$17,518**	**$18,242**	**3.9%**
Ending Balance	**556$**	**$296**	**-$26**	**-$232**	**$4**	**$37**	
Rainy Day Fund Balance	$701	$768	$799	$836	$877	$914	
Balance Over 5% of GF Revenues	-46	2	1	0	0	0	
As % of GF Revenues	4.69%	5.01%	5.00%	5.00%	5.00%	5.00%	
Structural Balance	**-$142**	**-$172**	**-$307**	**-$213**	**$20**	**$42**	

GF: general fund
PAYGO: pay-as-you-go
VLT: video lottery terminal

[1] Fiscal 2013 ongoing revenues and spending include Budget Restoration Fund revenues.

The structural deficit increases from $172 million in fiscal 2014 to $307 million in fiscal 2015. This $135 million increase is attributable to additional general fund debt service costs for GO bonds, which increase from $83 million to $314 million. Fiscal 2014 general fund costs are supported by fund balances generated by bond sale premiums. In the out-years, the budget assumes that the State will no longer generate these premiums, so a large increase in general funds is anticipated in fiscal 2015. The Department of Legislative Services estimates that if the State continues to receive bond sale premiums in fiscal 2014 and 2015, debt service costs will be reduced to $102 million. The extraordinarily high levels of bond sale premiums have allowed the State to defer appropriating general funds for debt service. In fiscal 2015, State property tax revenues (which support debt service) are $300 million less than debt service costs. In the out-years, this shortfall is expected to increase because debt service is increasing at a rate of 6%, while the State property tax revenues that support debt service are essentially flat.

Legislation also affecting out-year revenues and expenditures includes:

- ***House Bill 228*** ***(passed)*** expands the Medicaid program consistent with the federal Patient Protection and Affordable Care Act. The ability to move existing enrollees into the new expansion category allows the State to claim higher federal matching funds thereby lowering State Medicaid costs; however, there are new State costs for the Maryland Health Benefit Exchange. The changes are estimated to reduce State revenues by $24 million and State expenditures by $178 million in fiscal 2015. The expenditure savings do decline to $150 million in fiscal 2018;

- ***House Bill 860*** ***(passed)*** diverts $20 million annually from the general fund to support school construction and renovation in Baltimore City. The first of 30 payments is in fiscal 2015;

- ***Senate Bill 474***/***House Bill 496*** ***(both passed)*** modify the State pension funding by phasing out the corridor funding method and replacing it with a closed, 25-year amortization period for all existing and future liabilities. In fiscal 2015, this reduces State general fund spending by $15 million. By fiscal 2018, general fund savings total $53 million; and

- ***House Bill 1515*** ***(passed)*** is a comprehensive transportation infrastructure revenue and expenditure plan. In addition to raising transportation taxes and funding capital improvements, it requires additional GO bond debt service costs. The additional costs begin in fiscal 2015 at $2 million and increase to $21 million by fiscal 2018.

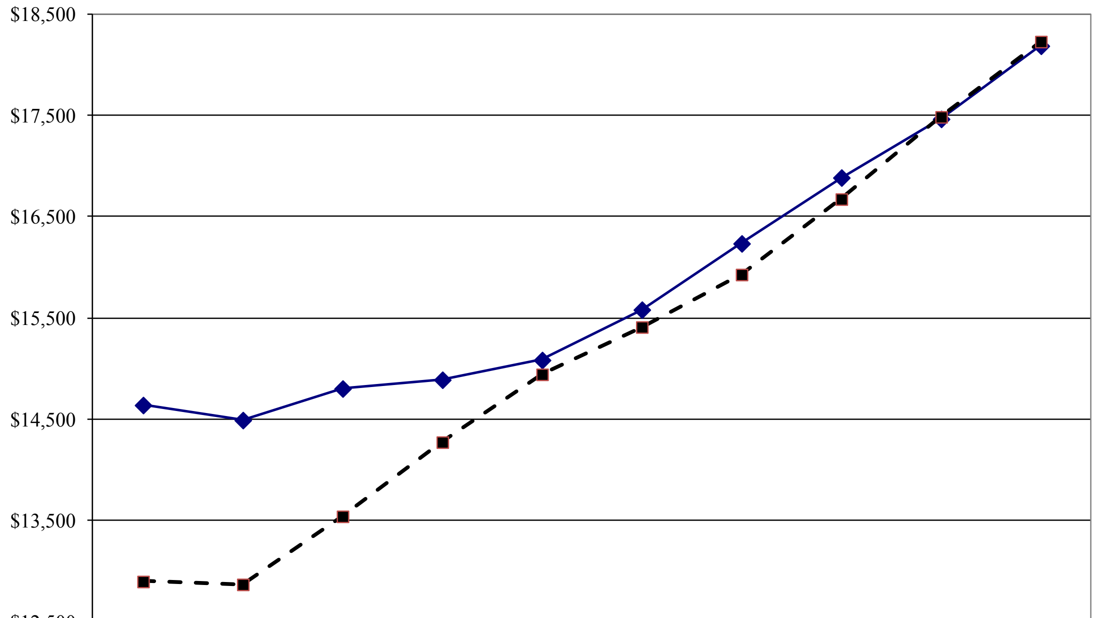
Action at the 2013 session essentially eliminates the gap between ongoing revenues and spending in fiscal 2014, and is forecasted to remain manageable as illustrated in **Exhibit A-1.7**. Whether the forecasted results are attained, however, will be subject to numerous factors, not the least of which will be the performance of the State and national economy and the ability of policymakers to maintain the fiscal vigilance and discipline that closed the budget gap.

Exhibit A-1.7

A General Fund Structural Surplus Is Projected by Fiscal 2017

Fiscal 2009-2018

($ in Millions)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Ongoing Spending	$14,638	$14,489	$14,801	$14,888	$15,083	$15,581	$16,236	$16,887	$17,468	$18,191
Ongoing Revenues	12,893	12,864	13,537	14,271	14,941	15,409	15,929	16,675	17,488	18,233
Structural Balance	-$1,745	-$1,625	-$1,264	-$617	-$142	-$172	-$307	-$213	$20	$42

Note: Fiscal 2009 through 2011 data reflects ongoing general fund spending supplanted by the American Recovery and Reinvestment Act of 2009. Fiscal 2013 data reflects ongoing spending and revenues associated with the Budget Restoration Fund.

Budget Reconciliation and Financing Legislation

House Bill 102, the Budget Reconciliation and Financing Act (BRFA) of 2013, implements $80 million in actions to the benefit of the general fund for fiscal 2013 and 2014 (as shown in **Exhibit A-1.8**) and includes certain actions that significantly reduce the State's structural imbalance. The actions of the BRFA of 2013 can be categorized into five groups: general fund transfers, local grants, mandate relief and cost control, revenue measures, and other provisions.

Exhibit A-1.8
Summary of Actions in the Budget Reconciliation and Financing Act of 2013

Fiscal 2013 Fund Transfers	-$12.0 million
Fiscal 2014 Fund Transfers	89.2 million
Fiscal 2014 Expenditure Reductions	2.7 million
Total Budgetary Action	**$79.9 million**

Transfers to the General Fund

Transfer tax revenues totaling $410.7 million over the period fiscal 2014 through 2018 are directed to the general fund. This provision is the most significant element in the BRFA of 2013 to address the structural deficit. Also, fiscal 2013 transfers from the State Insurance Trust Fund ($1.0 million) and the Special Fund for the Preservation of Cultural Arts ($1.9 million) are implemented.

Local Grants

The BRFA of 2013 provides for several new grants to local jurisdictions. Municipalities will receive $15.4 million in one-time transportation grants; local school systems experiencing a loss of direct State aid in excess of 1% will receive a grant of 25% of the shortfall; and local school systems with negative supplemental grants will receive funds to ensure that the grants are not less than $0. The disparity grant program is modified to provide a minimum grant amount based on local tax effort.

Mandate Relief and Cost Control

The requirement that the State repay $350 million to the Local Income Tax Reserve Account, beginning with a $50 million payment in fiscal 2014, is repealed. A mandate to repay $50 million to Program Open Space, which had been borrowed in fiscal 2006, is deferred to fiscal 2016. If racing revenue is insufficient to fully meet the mandated local impact aid amounts, payments may be prorated to stay within the expected revenues. Certain tax credits issued under the Sustainable Communities Tax Credit program prior to 2006 are repealed, and funds budgeted for certain 2007 credits may be transferred to the general fund.

The increase in rates paid to nonpublic placements and to providers with rates set by the Interagency Rate Committee is limited to 2.5% over the rates in effect in January 2013. The Health Services Cost Review Commission is required to study the savings that are projected to accrue to the Medicaid program through the implementation of tiered hospital rates and to take certain steps to ensure that savings of at least $30 million in general funds is realized.

General and Special Fund Revenue Measures

The BRFA of 2013 authorizes the use of special funds from the State share of Program Open Space to cover the costs of program administration, up to $1.2 million. Up to $250,000 from the Fair Campaign Financing Fund may be used by the State Board of Elections to conduct a number of statutorily required studies. Local school systems are required to reimburse the Department of Juvenile Services for a portion of the education costs of children in detention for at least 15 consecutive days. The annual hospital assessment to support the Medicaid program is capped at $390 million and can be achieved through a combination of assessment, remittance, and general fund savings.

The Act creates a $400 income tax credit for any tractor-trailer titled and registered in the State, contingent on the taking effect of an increase in tolls at Maryland toll facilities. The fees that the Secretary of State may charge for a notary commission (from $10 to $11) and that a notary may charge for a notarial act (from $2 to $4) are increased. The existing moving violation surcharge of $7.50 is amended to be a mandatory surcharge to the fine, rather than a court cost which may be waived. The BRFA of 2013 authorizes the transfer of funds from the Oil Contaminated Site Environmental Cleanup Fund to the Maryland Oil Disaster Containment, Clean-Up and Contingency Fund and requires a report on the financial stability of the State's oil pollution programs.

Other Provisions

The BRFA of 2013 clarifies the authority of the State Lottery and Gaming Control Agency over the licensing and regulation of locally authorized electronic gaming operations and removes the requirement that veterans' organizations lease or purchase instant ticket lottery machines from the agency. The definition of a major information technology project is expanded to include projects where a public institution of higher education is conducting the work on behalf of a State agency. The ability of State agencies and institutions of higher education to provide salary increases to operationally critical staff and to retain faculty is extended for fiscal 2014.

The Comptroller is authorized to make local income tax distributions in fiscal 2014 without accounting for amended returns from prior tax years that are determined to be extraordinary or anomalous. The Comptroller is also required to undertake an evaluation of the Local Income Tax Reserve Account. Up to $4.2 million in surplus fiscal 2013 funds in the Mental Hygiene Administration may only be used to satisfy fiscal 2012 payables. Similarly, certain excess funds in Aid to Education may be used to cover an anticipated fiscal 2013 shortfall in the Quality Teacher Incentive Program.

Finally, the BRFA of 2013 implements a provision in the budget bill that reserves $87 million in general fund contributions to the State pension fund in the Dedicated Purpose Account. The Governor is required to make a determination in January 2014 if the funds are needed to offset the effects of federal sequestration; if not, they are to be transferred to the pension accumulation fund.

Selected Budgetary Initiatives and Enhancements

Higher Education

The fiscal 2014 budget provides $26.3 million of State funds (general funds and Higher Education Investment Funds) for enhancement funding to the University System of Maryland (USM) and Morgan State University (MSU) to fund various initiatives. USM receives $23.4 million of which $6.7 million is to fund MPowering initiatives, an alliance between the University of Maryland, College Park and the University of Maryland, Baltimore that leverages the resources of each to improve and enhance academic, research, and technology transfer programs. Another $14.7 million funds initiatives designed to improve student performance and success including course redesign, close the achievement gap, and enhance science, technology, engineering, and mathematics (STEM) and public health and workforce programs. USM must submit a report identifying metrics that will be used to measure the progress of the initiatives. The supplemental budget includes additional enhancement funding for the historically black colleges and universities – MSU and three USM institutions (Bowie State University, University of Maryland Eastern Shore, and Coppin State University); the USM institutions receive $1.1 million to convert contractual faculty positions to regular positions and $0.9 million for additional need-based financial aid. MSU receives a total of $2.2 million to convert contractual faculty and staff positions to regular positions as well as $0.7 million for additional need-based financial aid.

K-12 Education

The fiscal 2014 budget includes funds to support two new initiatives; $2.0 million for the Early College Innovation Fund, which will provide bridge funding to support the start-up costs associated with creating new early college programs that provide accelerated pathways for students seeking career and technical education or training in STEM disciplines. In addition, $3.5 million is appropriated for a Digital Learning Innovation Fund for competitive grants to Local Education Agencies to create digital learning environments involving multimedia assets for students and teachers. In addition, the program will provide funding for differentiated instruction, differentiated assignments and materials for students advancing at different paces, and training and support for educators and students and offering more current information than traditional textbooks on an ongoing basis. Additional detail is provided in Part L – Education of this *90 Day Report*.

Medicaid

The final fiscal 2014 budget for Medicaid is just over $7.3 billion, an increase of $251 million, or 3.5%, over the fiscal 2013 working appropriation when adjusted for deficiencies and legislative actions. The expansion of Medicaid to 138.0% of the FPL, effective January 1, 2014, consumes all of that growth and more. Medicaid expansion is anticipated to cover an additional 109,000 enrollees in the first half of calendar 2014 at a cost of almost $349 million. As provided for in the Patient Protection and Affordable Care Act (ACA), expansion costs are entirely supported by federal funds in the initial years. Additional detail on the Medicaid budget is provided in Part J – Health and Human Services of this *90 Day Report*.

Economic Development

The fiscal 2014 budget as enacted includes $3 million in general funds for the newly created Cybersecurity Investment Incentive Tax Credit program under the Department of Business and Economic Development (see ***House Bill 803*** ***(passed)***). The program will provide tax credits for investments in qualified cyber security businesses. Funding for the department's existing Maryland Biotechnology Investment Incentive Tax Credit program was increased in the fiscal 2014 budget from $8 million in general funds to $10 million.

Also in the fiscal 2014 budget as enacted is $4.5 million in general funds for the newly created Maryland Employment Advancement Right Now program under the Department of Labor, Licensing, and Regulation. The program will provide grants for job training based on the needs identified by strategic partnerships between industry sectors, educational institutions, and government agencies. Funding was contingent upon ***Senate Bill 278***/***House Bill 227*** ***(both passed)***.

Transportation

House Bill 1515 is estimated to increase transportation revenues by approximately $2.9 billion through fiscal 2019. Transportation revenues are increased by:

- imposing a 1% tax collected by wholesalers on the retail price of motor fuel, excluding federal and State taxes, effective July 1, 2013, increasing to 2% on January 1, 2015, and to 3% on July 1, 2015;
- indexing motor fuel excise tax rates to the Consumer Price Index for Urban Consumers (CPI-U) beginning July 1, 2013, and specifying that the annual increase in the excise tax cannot exceed 8% above the prior year. The Maryland Department of Transportation (MDOT) is also required to report on the impacts of indexing by January 1, 2019;
- dedicating a portion of sales tax revenue to the Transportation Trust Fund (TTF) if the federal government authorizes online sales tax collections. If federal legislation is not enacted by December 1, 2015, the motor fuel tax on the retail price increases to 4% on January 1, 2016, and to 5% on July 1, 2016; and
- indexing fares for core bus, light rail, commuter rail, commuter bus, and metro subway services to CPI-U beginning in fiscal 2015 and requiring a study to evaluate a voucher program to provide free or reduced fare service to individuals whose income does not exceed 125% of federal guidelines.

In addition, the legislation provides for $395 million in either the operating or capital budgets to be used for MDOT's obligations under the Watershed Implementation Plan. MDOT's limit on maximum debt outstanding for the capital program is increased from $2.6 billion to $4.5 billion in recognition of the additional revenues raised.

The legislation also prohibits transfers from the TTF unless legislation is approved by a three-fifths vote of the appropriate standing committees of the General Assembly and is enacted into law, or the Governor declares a state of emergency and declares that revenues are needed for defense or relief purposes. Any transfer must be repaid within five years.

The additional revenue will predominantly be used to support additional transportation capital spending. This would include additional funding for highway capacity and improvement projects. In addition, the funding may be used for construction of transit expansion projects (*e.g.*, the Red and Purple Lines).

House Bill 1515 is briefly discussed under Part G – Transportation and Motor Vehicles and more fully discussed under the subpart Miscellaneous Taxes within Part B – Taxes of this *90 Day Report*.

Senate Bill 829 ***(passed)*** is a constitutional amendment that prohibits the transfer of funds from the TTF to the general fund or a special fund unless the Governor declares a fiscal emergency by executive order and legislation is passed by a three-fifths majority of the General Assembly. The constitutional amendment will be submitted to the voters in the November 2014 general election.

Emergency Medical Services

House Bill 1515 increases the vehicle registration surcharge by $3.50 (from $11.00 per year to $14.50 per year) to sustain the long-term viability of the Maryland Emergency Medical System Operations Fund (MEMSOF). With this increase, MEMSOF is projected to be viable through fiscal 2023. The General Assembly expressed the intent that the Governor funds the following enhancements:

- the upgrade and maintenance of the Maryland Institute for Emergency Medical Services Systems' communication system;
- a salary increase for State Police pilots and maintenance technicians, to a base of $70,000 and $60,000, respectively;
- 20 additional pilots to improve safety;
- an increase in the R Adams Cowley Shock Trauma Center subsidy by $200,000;
- the purchase of high temperature tiles for the Maryland Fire and Rescue Institute (MFRI);

- an increase of the salaries of MFRI field instructors by $2 per hour; and

- an increase of the Senator William H. Amoss Fire, Rescue, and Ambulance Fund grants by $5 million per year to be phased in over three years starting in fiscal 2015.

State Reserve Fund

The Rainy Day Fund, Dedicated Purpose Account, and Catastrophic Event Account are projected to have a combined $768.2 million fund balance at the end of fiscal 2014. Activity in fiscal 2013 and 2014 is shown in **Exhibit A-1.9.** For fiscal 2014, $55.3 million is appropriated into the Rainy Day Fund. The end-of-year Rainy Day Fund balance is projected to be 5.0% of general fund revenues in fiscal 2014. State law provides that a $50 million appropriation is required if the Rainy Day Fund balance is less than 7.5% of general fund revenues and a $100 million appropriation if the fund balance is less than 3.0% of general fund revenues. The out-year forecast assumes $50 million appropriations from fiscal 2015 to 2018.

Exhibit A-1.9
State Reserve Fund Activity
Fiscal 2013-2014
($ in Millions)

	Rainy Day Fund	Dedicated Purpose Account	Catastrophic Event Acct.
Estimated Balances June 30, 2012	**$671.5**	**$0.0**	**$1.0**
Fiscal 2013 Appropriations	27.8	0.0	0.0
Expenditures – Supplemental Teacher Retirement Grants	-5.0	0	
Estimated Interest	6.8		
Estimated Balances June 30, 2013	**$701.1**	**$0.0**	**$1.0**
Fiscal 2014 Appropriations	55.3	97.1	0.0
Expenditures			
Military Department – Hurricane Sandy and Derecho Storm			-0.4
Federal Sequestration/Pension Reinvestment		-97.1	
Estimated Interest	11.3		
Estimated Balances June 30, 2014	**$767.6**	**$0.0**	**$0.6**
Percent of Revenues in Reserve	**5.0%**		

Source: Department of Budget and Management

A total of $97.1 million is appropriated to the Dedicated Purpose Account to address the impacts of federal sequestration on State agency programs. Of this, $87.1 million will be credited to the State pension fund by January 1, 2014, if the Governor determines that it is not needed to mitigate the effects of federal cutbacks.

Finally, the Catastrophic Event Account will be applying $0.4 million of its balance for the State share of expenses for dealing with the after effects of Hurricane Sandy and the derecho storm events in fiscal 2013. State funds are expected to be matched by $1.3 million in federal funds. The remaining balance in the account is expected to be $0.6 million at the close of fiscal 2014.

Personnel

State expenditures for employee compensation, estimated to be $7.5 billion in fiscal 2014, are a major component of the budget. Regular employee expenditures increase by $352.3 million, or 4.9%, from fiscal 2013 levels. Fiscal 2014 contractual employee expenditures total $240.7 million, which is $2.4 million, or 1.0%, greater than fiscal 2013.

Employee Compensation

The fiscal 2014 budget includes funds for a general salary increase and increments. All employees will receive a 3% general salary increase on January 1, 2014. Qualified employees will also receive a merit increase effective on April 1, 2014. In addition, the BRFA of 2013 allows agencies to give merit raises to "operationally critical" employees. The budget did not fund deferred compensation matching contributions.

Workforce Changes

In fiscal 2014, the State workforce increases by 222 positions, to 79,750, as shown in **Exhibit A-1.10**. The allowance and Supplemental Budget No. 1 added 256 positions. Major increases are in the Judiciary (82 additional positions, primarily supporting new judges and converting contractual positions into regular positions), lottery (44 positions to support expanded gaming), State Police (35 to implement the Firearm Safety Act and create a gun center), and health exchanges (28 positions to support the new health exchange). Another 32 positions were transferred from the Department of Juvenile Services to MSDE. The legislature abolished 34 positions, 28 of which were new positions in the Judiciary that did not meet SAC's criteria for new positions.

Exhibit A-1.10
Regular Full-time Equivalent Positions
Fiscal 2013-2014

Department/Service Area	2013 Working Approp.	2014 Allowance*	Legis. Reductions	2014 Legis. Approp.
Health and Human Services				
Health and Mental Hygiene	6,388	6,409	-2	6,407
Human Resources	6,529	6,529	0	6,529
Juvenile Services	2,109	2,077	0	2,077
Subtotal	***15,026***	***15,015***	***-2***	***15,013***
Public Safety				
Public Safety and Correctional Services	11,050	11,050	-4	11,046
Police and Fire Marshal	2,390	2,414	0	2,414
Subtotal	***13,440***	***13,464***	***-4***	***13,460***
Transportation	8,732	8,735	0	8,735
Other Executive				
Legal (Excluding Judiciary)	1,492	1,503	0	1,503
Executive and Administrative Control	1,605	1,633	0	1,633
Financial and Revenue Administration	2,010	2,046	0	2,046
Budget and Management and DoIT	438	441	0	441
Retirement	205	205	0	205
General Services	576	580	0	580
Natural Resources	1,294	1,295	0	1,295
Agriculture	384	383	0	383
Labor, Licensing, and Regulation	1,646	1,646	0	1,646
MSDE and Other Education	1,916	1,972	0	1,972
Housing and Community Development	316	327	0	327
Business and Economic Development	224	224	0	224
Environment	929	937	0	937
Subtotal	***13,033***	***13,191***	0	***13,191***
Executive Branch Subtotal	**50,231**	**50,405**	**-6**	**50,399**
Higher Education	24,965	24,965	0	24,965
Judiciary	3,585	3,667	-28	3,639
Legislature	748	748	0	748
Grand Total	**79,529**	**79,784**	**-34**	**79,750**

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

* Includes 43 positions funded in Supplemental Budget No. 1.

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

Employee and Retiree Health Insurance

Total State employee and retiree health insurance spending is $1,066 million in fiscal 2014, which is 7% greater than fiscal 2013 appropriations. Effective January 1, 2014, the State will be entering into an Employee Group Waiver Plan for retirees prescription drugs. This plan is projected to reduce annual costs by $26 million. The State will retain a third-party pharmacy benefits manager, and benefits will essentially remain the same. This does, however, require the State to operate its plans on a calendar instead of a fiscal year basis. To do this, the spring open enrollment will cover the last six months of calendar 2013, and the State will hold a fall open enrollment for a full year plan covering calendar 2014.

The federal ACA requires that employees working at least 30 hours a week for a year must receive health benefits effective January 1, 2014. Currently, contractual employees do not receive health benefits. Although the Department of Budget and Management has identified that there are approximately 9,800 full-time equivalent contractual employees, it has not identified how many contractual employees will be eligible for health benefits. If all of the nearly 10,000 contractual employees qualify and the average cost per employee is $9,000, providing benefits would cost the State $88 million, $53 million of which would be supported by the general fund. Employers can also choose to pay penalty instead of providing benefits. Should the State choose to pay the assessment, total costs would be $20 million ($14 million in general funds) under the same assumptions.

By the Numbers

A number of exhibits summarize the legislative budget action. These exhibits are described below.

Exhibit A-1.11, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through Supplemental Budget No. 1, legislative reductions, and final appropriations for fiscal 2013 and 2014 by fund source. The Governor's original request provided for $37.4 billion in fiscal 2014 expenditures and $103.0 million in fiscal 2013 deficiencies.

The Governor added $232.7 million in fiscal 2013 and 2014 spending in the supplemental budget. The legislature made $61.9 million in reductions to fiscal 2013 appropriations, resulting in a net appropriation of $35.8 billion for fiscal 2013. The fiscal 2014 budget was reduced by a net of $590.4 million, consisting of $592.1 billion in total fund reductions offset by $1.7 million in special funds that replace general fund cuts. This resulted in a final appropriation of $36.9 billion.

Exhibit A-1.11
Fiscal Note – Summary of the Fiscal 2014 Budget Bill – House Bill 100

	General Funds	Special Funds	Federal Funds	Education Funds	Total Funds
Governor's Allowance					
Fiscal 2013 Budget	$14,697,932,395	$7,805,388,992	$9,270,210,947	$4,002,676,885	$35,776,209,219 (1)
Fiscal 2014 Budget	16,106,026,286	7,436,262,756	9,808,326,259	4,056,925,242	37,407,540,543 (2)
Supplemental Budget No. 1					
Fiscal 2013 Deficiencies	$24,560,005	$3,456,898	$99,427,325	$0	$127,444,228
Fiscal 2014 Budget	39,904,895	65,357,624	0	0	105,262,519
Subtotal	**$64,464,900**	**$68,814,522**	**$99,427,325**	**$0**	**$232,706,747**
Budget Reconciliation and Financing Act of 2013					
Fiscal 2013 Deficiencies	$0	$0	$0	$0	$0
Fiscal 2014 Budget	-2,675,671	-87,739,667 (3)	0	0	-90,415,338
Total Reductions	**-$2,675,671**	**-$87,739,667**	**$0**	**$0**	**-$90,415,338**
Legislative Reductions					
Fiscal 2013 Deficiencies	-$33,832,313	-$2,664,313 (4)	-$30,700,000	$0	-$61,868,000
Fiscal 2014 Budget	-468,204,359	-4,778,494 (5)	-26,953,011	0	-499,935,864
Total Reductions	**-$502,036,672**	**-$2,114,181**	**-$57,653,011**	**$0**	**-$561,803,864**
Appropriations					
Fiscal 2013 Budget	$14,688,660,087	$7,811,510,203	$9,338,938,272	$4,002,676,885	$35,841,785,447
Fiscal 2014 Budget	15,675,051,151	7,409,102,219	9,781,373,248	4,056,925,242	36,922,451,860
Change	**$986,391,064**	**-$402,407,984**	**$442,434,976**	**$54,248,357**	**$1,080,666,413**

(1) Reflects $103.0 million in proposed deficiencies, including $124.6 million in general funds, $44.5 million in special funds, and -$66.1 million in federal funds. Reversion assumptions total $49.6 million, including $30.0 million in unspecified reversions and $19.6 million in targeted reversions.

(2) Reflects estimated general fund reversions of $30.0 million and across-the-board reductions for overbudgeted health insurance.

(3) Includes $1.5 million in special funds that will be added back to the budget by budget amendment to replace general fund reductions.

(4) Includes $3.1 million in special funds that will be added back to the budget by budget amendment to replace general fund reductions.

(5) Includes $0.3 million in special funds that will be added back to the budget by budget amendment to replace general fund reductions.

Exhibit A-1.12 illustrates budget changes by major expenditure category by fund. Total spending increases by $1.1 billion, or 3.0%. Debt service grows by 7.2% because the State has issued additional GO debt in recent years. Aid to local government increases by 3.7% largely due to formula-based education aid. Entitlement spending grows by 3.6% due to Medicaid expansion to 138.0% of the FPL as part of the federal ACA. State agency spending only increases by 2.1%. PAYGO capital expenditures increase by 2.0%, due mostly to $25.0 million added for school security and new energy efficiency programs.

Exhibit A-1.12
State Expenditures – General Funds
($ in Millions)

Category	Actual FY 2012	Adjusted Wrk. Approp. FY 2013	Legislative Approp. FY 2014	FY 2013 to FY 2014 $ Change	FY 2013 to FY 2014 % Change
Debt Service	$0.0	$0.0	$83.0	$83.0	n/a
County/Municipal	186.6	159.0	245.0	86.0	54.1%
Community Colleges	263.3	252.4	286.6	34.2	13.5%
Education/Libraries	5,616.6	5,448.0	5,762.8	314.8	5.8%
Health	38.3	37.3	40.0	2.8	7.4%
Aid to Local Governments	***$6,104.7***	***$5,896.7***	***$6,334.5***	***$437.8***	***7.4%***
Foster Care Payments	208.8	234.3	237.9	3.6	1.5%
Assistance Payments	69.9	101.0	76.4	-24.6	-24.3%
Medical Assistance	2,462.9	2,312.1	2,334.8	22.7	1.0%
Property Tax Credits	81.8	82.0	80.2	-1.7	-2.1%
Entitlements	***$2,823.3***	***$2,729.4***	***$2,729.4***	***$0.0***	***0.0%***
Health	1,449.7	1,473.7	1,546.2	72.5	4.9%
Human Resources	323.4	326.8	333.4	6.6	2.0%
Children's Cabinet Interagency Fund	21.2	16.9	21.5	4.6	27.0%
Juvenile Services	269.2	270.7	280.8	10.1	3.7%
Public Safety/Police	1,273.9	1,319.0	1,352.0	33.0	2.5%
Higher Education	1,136.7	1,105.3	1,214.9	109.5	9.9%
Other Education	382.3	370.3	378.1	7.9	2.1%
Agric./Nat'l. Res./Environment	104.1	109.1	115.0	5.9	5.4%
Other Executive Agencies	541.6	594.0	725.4	131.4	22.1%
Legislative	76.8	78.3	80.5	2.1	2.7%
Judiciary	374.3	387.4	405.2	17.8	4.6%
State Agencies	***$5,953.1***	***$6,051.6***	***$6,453.0***	***$401.4***	***6.6%***
Total Operating	**$14,881.2**	**$14,677.7**	**$15,599.9**	**$922.2**	**6.3%**
Capital (1)	54.5	3.2	49.9	46.7	1458.3%
Subtotal	***$14,935.7***	***$14,680.9***	***$15,649.8***	***$968.9***	***6.6%***
Reserve Funds	15.0	37.8	55.3	17.5	46.3%
Appropriations	**$14,950.7**	**$14,718.7**	**$15,705.1**	**$986.4**	**6.7%**
Reversions	0.0	-30.0	-30.0	0.0	0.0%
Grand Total	**$14,950.7**	**$14,688.7**	**$15,675.1**	**$986.4**	**6.7%**

(1) Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2013 adjusted working appropriation includes deficiencies, $19.6 million in targeted reversions and legislative reductions to the deficiencies.

Exhibit A-1.12 (Continued)

State Expenditures – Special and Higher Education Funds*

($ in Millions)

Category	Actual FY 2012	Work. Approp. FY 2013	Legislative Approp. FY 2014	FY 2013 to FY 2014 $ Change	FY 2013 to FY 2014 % Change
Debt Service	$1,039.1	$1,102.4	$1,100.0	-$2.5	-0.2%
County/Municipal	191.9	285.7	268.8	-17.0	-5.9%
Community Colleges	0.0	19.9	-0.7	-20.6	-103.3%
Education/Libraries	91.1	422.2	336.7	-85.5	-20.2%
Health	0.0	0.8	0.0	-0.8	-100.0%
Aid to Local Governments	***$283.1***	***$728.6***	***$604.8***	***-$123.8***	***-17.0%***
Foster Care Payments	4.6	2.5	5.1	2.6	102.3%
Assistance Payments	24.2	19.4	18.6	-0.8	-4.2%
Medical Assistance	837.8	1,028.1	903.5	-124.6	-12.1%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	***$866.6***	***$1,050.0***	***$927.1***	***-$122.8***	***-11.7%***
Health	460.8	540.9	526.4	-14.5	-2.7%
Human Resources	83.8	82.7	77.3	-5.4	-6.5%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	4.7	4.4	4.4	0.1	1.6%
Public Safety/Police	209.1	223.9	221.9	-1.9	-0.9%
Higher Education	3,838.9	4,112.6	4,146.9	34.2	0.8%
Other Education	64.7	94.1	71.9	-22.2	-23.6%
Transportation	1,471.9	1,522.5	1,577.8	55.3	3.6%
Agric./Nat'l. Res./Environment	194.0	213.8	222.3	8.5	4.0%
Other Executive Agencies	478.1	734.4	590.9	-143.5	-19.5%
Legislative	0.0	0.4	0.0	-0.4	-100.0%
Judiciary	45.1	58.6	53.7	-4.9	-8.3%
State Agencies	***$6,851.0***	***$7,588.3***	***$7,493.6***	***-$94.7***	***-1.2%***
Total Operating	**$9,039.7**	**$10,469.3**	**$10,125.5**	**-$343.8**	**-3.3%**
Capital	866.0	1,344.9	1,340.5	-4.4	-0.3%
Grand Total	**$9,905.7**	**$11,814.2**	**$11,466.0**	**-$348.2**	**-2.9%**

* Includes higher education fund (current unrestricted and current restricted) net of general and special funds.

Note: The fiscal 2013 working appropriation reflects deficiencies, $430.3 million from the Budget Restoration Fund, legislative reductions to the deficiencies, and $3.1 million in additional special fund spending due to funding swaps. The fiscal 2014 legislative appropriation includes $1.7 million in additional special fund spending due to funding swaps.

Exhibit A-1.12 (Continued)
State Expenditures – Federal Funds
($ in Millions)

Category	Actual FY 2012	Work. Approp. FY 2013	Legislative Approp. FY 2012	FY 2013 to FY 2014 $ Change	FY 2013 to FY 2014 % Change
Debt Service	$11.5	$12.2	$12.4	$0.2	1.9%
County/Municipal	103.0	51.9	59.3	7.4	14.3%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	763.6	796.9	754.3	-42.6	-5.3%
Health	4.5	4.5	4.5	0.0	0.0%
Aid to Local Governments	***$871.1***	***$853.3***	***$818.1***	***-$35.2***	***-4.1%***
Foster Care Payments	93.0	79.5	84.0	4.4	5.6%
Assistance Payments	1,207.5	1,117.4	1,197.7	80.3	7.2%
Medical Assistance	3,365.1	3,566.4	3,911.4	345.0	9.7%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	***$4,665.6***	***$4,763.2***	***$5,193.0***	***$429.8***	***9.0%***
Health	1,100.3	1,229.7	1,309.4	79.7	6.5%
Human Resources	438.9	513.2	520.0	6.8	1.3%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	11.8	8.3	7.4	-0.9	-11.2%
Public Safety/Police	35.1	29.2	26.3	-2.9	-9.9%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	230.7	269.8	243.6	-26.3	-9.7%
Transportation	92.7	85.5	97.1	11.6	13.5%
Agric./Nat'l. Res./Environment	66.6	72.7	65.9	-6.8	-9.3%
Other Executive Agencies	642.1	557.0	542.6	-14.4	-2.6%
Judiciary	4.5	6.0	4.2	-1.8	-29.9%
State Agencies	***$2,622.7***	***$2,771.5***	***$2,816.5***	***$45.0***	***1.6%***
Total Operating	**$8,170.9**	**$8,400.1**	**$8,840.0**	**$439.8**	**5.2%**
Capital	887.5	938.8	941.4	2.6	0.3%
Grand Total	**$9,058.3**	**$9,338.9**	**$9,781.4**	**$442.4**	**4.7%**

Note: The fiscal 2013 working appropriation includes deficiencies and legislative reductions to the deficiencies.

Exhibit A-1.12 (Continued)

State Expenditures – State Funds

($ in Millions)

Category	Actual FY 2012	Adjusted Work. Approp. FY 2013	Legislative Approp. FY 2014	FY 2013 to FY 2014 $ Change	FY 2013 to FY 2014 % Change
Debt Service	$1,039.1	$1,102.4	$1,183.0	$80.5	7.3%
County/Municipal	378.5	444.8	513.8	69.1	15.5%
Community Colleges	263.3	272.3	285.9	13.6	5.0%
Education/Libraries	5,707.7	5,870.2	6,099.5	229.4	3.9%
Health	38.3	38.1	40.0	2.0	5.3%
Aid to Local Governments	***$6,387.8***	***$6,625.3***	***$6,939.3***	***$314.0***	***4.7%***
Foster Care Payments	213.4	236.8	243.0	6.2	2.6%
Assistance Payments	94.0	120.4	95.0	-25.4	-21.1%
Medical Assistance	3,300.7	3,340.2	3,238.3	-101.9	-3.1%
Property Tax Credits	81.8	82.0	80.2	-1.7	-2.1%
Entitlements	***$3,689.9***	***$3,779.4***	***$3,656.5***	***-$122.8***	***-3.2%***
Health	1,910.5	2,014.6	2,072.6	58.0	2.9%
Human Resources	407.2	409.5	410.8	1.2	0.3%
Children's Cabinet Interagency Fund	21.2	16.9	21.5	4.6	27.0%
Juvenile Services	273.8	275.1	285.2	10.2	3.7%
Public Safety/Police	1,482.9	1,542.9	1,573.9	31.0	2.0%
Higher Education	4,975.6	5,218.0	5,361.7	143.7	2.8%
Other Education	447.0	464.4	450.1	-14.4	-3.1%
Transportation	1,471.9	1,522.5	1,577.8	55.3	3.6%
Agric./Nat'l. Res./Environment	298.1	322.8	337.2	14.4	4.5%
Other Executive Agencies	1,019.6	1,328.3	1,316.3	-12.0	-0.9%
Legislative	76.8	78.8	80.5	1.7	2.2%
Judiciary	419.3	446.0	459.0	13.0	2.9%
State Agencies	***$12,804.2***	***$13,639.9***	***$13,946.6***	***$306.7***	***2.2%***
Total Operating	**$23,920.9**	**$25,147.0**	**$25,725.4**	**$578.5**	**2.3%**
Capital [(1)]	920.5	1,348.1	1,390.4	42.3	3.1%
Subtotal	**$24,841.4**	**$26,495.1**	**$27,115.8**	**$620.7**	**2.3%**
Reserve Funds	15.0	37.8	55.3	17.5	46.3%
Appropriations	**$24,856.4**	**$26,532.8**	**$27,171.1**	**$638.2**	**2.4%**
Reversions	0.0	-30.0	-30.0	0.0	0.0%
Grand Total	**$24,856.4**	**$26,502.8**	**$27,141.1**	**$638.2**	**2.4%**

[(1)] Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2013 adjusted working appropriation reflects deficiencies, $19.6 million in targeted reversions, $430.3 million from the Budget Restoration Fund, legislative reductions to the deficiencies, and $3.1 million in additional special fund spending due to funding swaps. The fiscal 2014 legislative appropriation includes $1.7 million in additional special fund spending due to funding swaps.

Exhibit A-1.12 (Continued)
State Expenditures – All Funds
($ in Millions)

Category	Actual FY 2012	Adjusted Work. Approp. FY 2013	Legislative Approp. FY 2014	FY 2013 to FY 2014 $ Change	FY 2013 to FY 2014 % Change
Debt Service	$1,050.6	$1,114.6	$1,195.3	$80.8	7.2%
County/Municipal	481.5	496.6	573.1	76.5	15.4%
Community Colleges	263.3	272.3	285.9	13.6	5.0%
Education/Libraries	6,471.3	6,667.1	6,853.8	186.7	2.8%
Health	42.8	42.5	44.5	2.0	4.7%
Aid to Local Governments	***$7,258.9***	***$7,478.6***	***$7,757.4***	***$278.8***	***3.7%***
Foster Care Payments	306.4	316.4	327.0	10.6	3.4%
Assistance Payments	1,301.5	1,237.8	1,292.7	54.9	4.4%
Medical Assistance	6,665.8	6,906.5	7,149.6	243.1	3.5%
Property Tax Credits	81.8	82.0	80.2	-1.7	-2.1%
Entitlements	***$8,355.5***	***$8,542.6***	***$8,849.6***	***$306.9***	***3.6%***
Health	3,010.8	3,244.3	3,382.0	137.7	4.2%
Human Resources	846.1	922.7	930.7	8.0	0.9%
Children's Cabinet Interagency Fund	21.2	16.9	21.5	4.6	27.0%
Juvenile Services	285.6	283.4	292.7	9.2	3.3%
Public Safety/Police	1,518.1	1,572.1	1,600.2	28.1	1.8%
Higher Education	4,975.6	5,218.0	5,361.7	143.7	2.8%
Other Education	677.7	734.2	693.6	-40.6	-5.5%
Transportation	1,564.7	1,608.0	1,674.9	66.9	4.2%
Agric./Nat'l. Res./Environment	364.6	395.6	403.2	7.6	1.9%
Other Executive Agencies	1,661.8	1,885.4	1,858.9	-26.4	-1.4%
Legislative	76.8	78.8	80.5	1.7	2.2%
Judiciary	423.8	451.9	463.1	11.2	2.5%
State Agencies	***$15,426.9***	***$16,411.3***	***$16,763.1***	***$351.8***	***2.1%***
Total Operating	**$32,091.8**	**$33,547.1**	**$34,565.4**	**$1,018.3**	**3.0%**
Capital [1]	1,808.0	2,286.9	2,331.8	44.9	2.0%
Subtotal	**$33,899.7**	**$35,834.0**	**$36,897.2**	**$1,063.2**	**3.0%**
Reserve Funds	15.0	37.8	55.3	17.5	46.3%
Appropriations	**$33,914.7**	**$35,871.8**	**$36,952.5**	**$1,080.7**	**3.0%**
Reversions	0.0	-30.0	-30.0	0.0	0.0%
Grand Total	**$33,914.7**	**$35,841.8**	**$36,922.5**	**$1,080.7**	**3.0%**

[1] Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2013 adjusted working appropriation reflects deficiencies, $19.6 million in targeted reversions, $430.3 million from the Budget Restoration Fund, legislative reductions to the deficiencies, and $3.1 million in additional special fund spending due to funding swaps. The fiscal 2014 legislative appropriation includes $1.7 million in additional special fund spending due to funding swaps.

Capital Budget

The 2013 General Assembly passed a capital budget program totaling $3.533 billion, including $1.999 billion for the transportation program. Apart from transportation, the program totals $1.534 billion: $1.075 billion is funded with general obligation (GO) bonds authorized in the Maryland Consolidated Capital Bond Loan of 2013 (MCCBL), the 2013 capital budget ***House Bill 101*** ***(passed)***; $4.549 million is funded with Qualified Zone Academy Bonds (QZAB) authorized in ***House Bill 115*** ***(passed)***; $422.7 million is funded on a pay-as-you-go (PAYGO) basis in the operating budget; and $32.0 million is funded with Academic Revenue Bonds (ARB) for University System of Maryland facilities authorized in ***House Bill 616*** ***(passed)***.

Exhibit A-2.1 presents an overview of the State's capital program for fiscal 2014. **Exhibit A-2.2** lists capital projects and programs by function and fund source, and **Exhibit A-2.3** provides the individual legislative initiative projects funded in the MCCBL of 2013. The MCCBL of 2013 includes funding for:

- State facilities, including colleges and universities, hospitals, Department of Disabilities accessibility modifications, correctional facilities, and the public safety communication system;
- grants to local governments for public school construction and community college facilities,
- health and social services facilities, such as juvenile services facilities, community health and addiction facilities, and low-income housing;
- environmental programs, such as the Chesapeake Bay Water Quality programs, Community Parks and Playgrounds, Program Open Space (POS), Maryland Agricultural Land Preservation, Tobacco Transition programs, and Drinking and Stormwater programs; and
- local projects and legislative initiatives.

PAYGO Capital

In addition to GO debt, the State's capital program is funded with general, special, and federal funds appropriated in the operating budget, referred to as PAYGO funds, which are used primarily to support housing and environmental programs. The use of PAYGO funds is generally restricted to capital grant and loan programs for which the use of tax-exempt debt is limited under federal tax guidelines, programs that are administered through the use of special nonlapsing funds for which revenue from principal and interest payments are used to support additional appropriations, and in instances where federal funds assist in the capitalization of State revolving grant and loan fund programs. While the more recent fiscal situation has constrained the PAYGO general fund support for the capital program, the fiscal 2014 capital budget did include some notable new general fund capital initiatives.

The Public School Construction program is supplemented by $25.0 million in PAYGO general funds to support security improvements in public schools. Funds will be allocated based on each local education agency's proportion of total statewide square footage and will be used to support projects such as facility risk assessments, security cameras, photo identification systems for visitor sign-in, lockset changes for interior and exterior doors, hardening glass areas, relocating school office areas to a school's primary entrance area, and moving relocatable classrooms to improve supervision.

The fiscal 2014 budget also provides PAYGO general funds for a new energy efficiency grant program in the Maryland Energy Administration (MEA) with a legislative appropriation of $7.2 million. The new program consists of three components:

- Commercial and Industrial Sector Deep Retrofit Grant Program ($4.5 million general funds) is expected to support deep energy retrofits, which are energy efficiency projects designed to save more than 20% of energy costs, at commercial and industrial sector facilities in the areas of (1) lighting; (2) heating, ventilation, and air conditioning; or (3) building shell improvements. These projects are expected to be showcase projects that are potentially reproducible at similar types of facilities. The grant program is expected to target sectors including commercial offices, retail businesses, restaurants, grocery stores, and health care facilities. Funding is expected to be distributed through a competitive grant process and provide only a portion of the cost of the project. Language in the fiscal 2014 budget bill requires that the grants be provided on a matching fund basis with the State share of the project no more than 50% of the project cost net of utility rebates.

- Maryland Emergency Generation Grant Program ($1.7 million general funds) will support grants to support pre-wiring of facilities, for example fuel stations along evacuation routes, to make them capable of using an emergency generator. The entities would need to be willing to function as a State emergency center during periods of statewide emergencies. MEA will work with the Department of General Services and Maryland Emergency Management Agency on the implementation of this program.

- Electric Vehicle Charging Stations at Maryland Area Regional Commuter (MARC) and Metrorail Stations program ($1.0 million general funds) is expected to support two or three electric vehicle charging stations at each of the 38 MARC and 23 Metrorail stations in Maryland with parking lots. These installations will support the recommendation of the Electric Vehicle Infrastructure Council that the State promote the establishment of adequate charging infrastructure to support the goal of having 60,000 plug-in electric vehicles on the road by 2020. MEA will work with the Maryland Transit Administration and Washington Metropolitan Area Transit Authority on the implementation of this program.

Exhibit A-2.1
Capital Program Summary for the 2013 Session
($ in Millions)

Function	GO	Revenue	General	Special	Federal	Total
State Facilities						**$66.6**
Facilities Renewal	$21.3	$0.0	$0.0	$0.0	$0.0	
State Facilities – Other	27.1	0.0	0.4	0.0	17.8	
Health/Social						**$82.3**
Health – Other	5.9	0.0	0.0	0.0	0.0	
Health – State Facilities	38.6	0.0	0.0	0.0	0.0	
Private Hospitals	37.8	0.0	0.0	0.0	0.0	
Environment						**$485.1**
Agriculture	15.9	0.0	0.0	24.4	0.0	
Energy	0.0	0.0	7.2	3.0	0.7	
Environment	48.2	0.0	0.3	200.7	44.6	
MD Environmental Service	5.2	0.0	0.0	0.0	0.0	
Natural Resources	101.2	0.0	0.0	28.6	5.1	
Public Safety						**$16.7**
State Corrections	6.9	0.0	0.0	0.0	0.0	
State Police	9.8	0.0	0.0	0.0	0.0	
Education						**$353.2**
Education – Other	15.6	0.0	0.0	0.0	0.0	
School Construction	312.7	0.0	25.0	0.0	0.0	
Higher Education						**$359.9**
Community Colleges	52.0	0.0	0.0	0.0	0.0	
Morgan State University	54.9	0.0	0.0	0.0	0.0	
Private Colleges/Universities	22.5	0.0	0.0	0.0	0.0	
St. Mary's College	4.6	0.0	0.0	0.0	0.0	
University System	193.9	32.0	0.0	0.0	0.0	
Housing/Community Development						**$113.4**
Housing	53.7	0.0	3.0	26.4	19.0	
Housing – Other	1.2	0.0	10.0	0.1	0.0	
Local Projects						**$67.3**
Local Project Administration	41.0	0.0	0.0	0.0	0.0	
Local Project Legislative	22.3	0.0	4.0	0.0	0.0	
Transportation						**$21.5**
Highways	21.5	0.0	0.0	0.0	0.0	
De-authorizations						**-$34.1**
De-authorizations	-34.1	0.0	0.0	0.0	0.0	
Total	**$1,079.5**	**$32.0**	**$49.9**	**$283.2**	**$87.2**	**$1,531.8**
Fiscal 2013 Deficiencies	**$0.0**	**$0.0**	**$2.5**	**$0.0**	**$0.0**	**$2.5**
Transportation CTP	**$0.0**	**$395.0**	**$0.0**	**$690.1**	**$913.5**	**$1,998.6**
Grand Total	**$1,079.5**	**$427.0**	**$52.4**	**$973.3**	**$1,000.7**	**$3,532.9**

CTP: *Consolidated Transportation Program*
GO: general obligation

Exhibit A-2.2

Capital Program Summary for the 2013 Session

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	State Facilities						
D55P04A	DVA: Crownsville Veterans Cemetery Burial Expansion Phase II	$0	$0	$0	$0	$5,983,000	$5,983,000
D55P04B	DVA: Eastern Shore Veterans Cemetery Burial Expansion	0	0	414,000	0	0	414,000
DA0201A	MDOD: Accessibility Modifications	1,600,000	0	0	0	0	1,600,000
DE0201A	BPW: Old Senate Chamber Reconstruction	4,850,000	0	0	0	0	4,850,000
DE0201B	BPW: Annapolis Post Office Renovation and Addition	351,000	0	0	0	0	351,000
DE0201C	BPW: Facilities Renewal Fund	15,000,000	0	0	0	0	15,000,000
DE0201D	BPW: Fuel Storage Tank System Replacement Program	1,400,000	0	0	0	0	1,400,000
DE0201E	BPW: Judiciary St Mary's County District Court and Multi-Service Center	300,000	0	0	0	0	300,000
DH0104A	MD: Gunpowder Military Reservation Firing Range	1,382,000	0	0	0	1,998,000	3,380,000
FB04A	DoIT: Public Safety Communications System	22,300,000	0	0	0	0	22,300,000
FB04B	DoIT: One Maryland Broadband Network	1,200,000	0	0	0	9,837,726	11,037,726
	Subject Category Subtotal	***$48,383,000***	***$0***	***$414,000***	***$0***	***$17,818,726***	***$66,615,726***
	Health/Social						
MA01A	DHMH: Community Health Facilities Grant Program	$5,250,000	$0	$0	$0	$0	$5,250,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
MA01B	DHMH: Federally Qualified Health Center Grant Program	660,000	0	0	0	0	660,000
ML01A	DHMH: Spring Grove Hospital Center Consolidation	400,000	0	0	0	0	400,000
RQ00A	UMMS: New Ambulatory Care Unit and NICU and Labor and Delivery Units	10,000,000	0	0	0	0	10,000,000
RQ00B	UMMS: Trauma, Critical Care, and Emergency Medicine Services Expansion Project	5,000,000	0	0	0	0	5,000,000
RQ00C	UMMS: R Adams Cowley Shock Trauma Center – Phase II	150,000	0	0	0	0	150,000
VE01A	DJS: Cheltenham Youth Facility – New Detention Center	21,362,000	0	0	0	0	21,362,000
VE01B	DJS: New Thomas J. S. Waxter Children's Center	1,670,000	0	0	0	0	1,670,000
ZA00M	MISC: Kennedy Krieger Institute Comprehensive Autism Center	2,000,000	0	0	0	0	2,000,000
ZA00Y	MISC: Prince George's Hospital System New Regional Medical Center	20,000,000	0	0	0	0	20,000,000
ZA00Z	MISC: Prince George's Hospital System Infrastructure Improvements	10,000,000	0	0	0	0	10,000,000
ZA01A	MISC: Anne Arundel Medical Center	500,000	0	0	0	0	500,000
ZA01B	MISC: Chester River Hospital Center – Emergency Department	900,000	0	0	0	0	900,000
ZA01C	MISC: Holy Cross Germantown Hospital – Perinatal Unit	1,300,000	0	0	0	0	1,300,000
ZA01D	MISC: Johns Hopkins Bayview Medical Center	975,000	0	0	0	0	975,000
ZA01E	MISC: Kennedy Krieger Institute	500,000	0	0	0	0	500,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA01F	MISC: MedStar Good Samaritan Hospital	375,000	0	0	0	0	375,000
ZA01G	MISC: Saint Agnes Hospital – Cardiovascular Services Unit	674,000	0	0	0	0	674,000
ZA01H	MISC: Shore Health System – Diagnostic Imaging Center	540,000	0	0	0	0	540,000
	Subject Category Subtotal	***$82,256,000***	***$0***	***$0***	***$0***	***$0***	***$82,256,000***
	Environment						
DA131302	MEA: Jane E. Lawton Loan Program	$0	$0	$0	$1,750,000	$0	$1,750,000
DA131303	MEA: State Agency Loan Program	0	0	0	1,200,000	700,000	1,900,000
DA131304	MEA: Maryland Energy Efficiency Grant Program	0	0	7,200,000	0	0	7,200,000
KA05A	DNR: Community Parks and Playgrounds	2,500,000	0	0	0	0	2,500,000
KA05B	DNR: Natural Resources Development Fund	4,562,000	0	0	0	0	4,562,000
KA05C1	DNR: Program Open Space – State	14,093,000	0	0	10,972,000	4,500,000	29,565,000
KA05C2	DNR: Program Open Space – Local	17,846,000	0	0	11,863,000	0	29,709,000
KA05D	DNR: Critical Maintenance Program	4,467,000	0	0	153,000	0	4,620,000
KA05E	DNR: Waterway Improvement Fund	3,000,000	0	0	240,000	600,000	3,840,000
KA05F	DNR: Rural Legacy Program	8,148,000	0	0	5,364,000	0	13,512,000
KA1402A	DNR: Chesapeake Bay 2010 Trust Fund	36,558,000	0	0	0	0	36,558,000
KA17A	DNR: Oyster Restoration Program	10,000,000	0	0	0	0	10,000,000
LA11A	MDA: Agricultural Land Preservation Program	10,235,000	0	0	24,060,000	0	34,295,000
LA12A	MDA: Tobacco Transition Program	1,917,000	0	0	319,000	0	2,236,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
LA15A	MDA: Maryland Agricultural Cost Share Program	3,750,000	0	0	0	0	3,750,000
UA0104	MDE: Hazardous Substance Clean-up	0	0	300,000	0	0	300,000
UA0111	MDE: Enhanced Nutrient Removal Program	0	0	0	88,000,000	0	88,000,000
UA0112	MDE: Septic System Upgrade Program	0	0	0	15,000,000	0	15,000,000
UA01A	MDE: Water Quality Revolving Loan Fund	6,840,000	0	0	88,960,000	34,200,000	130,000,000
UA01B	MDE: Drinking Water Revolving Loan Fund	2,832,000	0	0	8,770,000	10,398,000	22,000,000
UA04A1	MDE: Biological Nutrient Removal Program	29,200,000	0	0	0	0	29,200,000
UA04A2	MDE: Supplemental Assistance Program	5,925,000	0	0	0	0	5,925,000
UA04B	MDE: Water Supply Financial Assistance Program	3,450,000	0	0	0	0	3,450,000
UB00A1	MES: Rocky Gap State Park – Wastewater Treatment Plant Improvements	2,000,000	0	0	0	0	2,000,000
UB00A2	MES: Charlotte Hall Veterans Home – Wastewater Treatment Plant Improvements	1,700,000	0	0	0	0	1,700,000
UB00A3	MES: Southern Pre-Release Unit – Wastewater Treatment Plant Improvements	1,500,000	0	0	0	0	1,500,000
	Subject Category Subtotal	***$170,523,000***	***$0***	***$7,500,000***	***$256,651,000***	***$50,398,000***	***$485,072,000***
	Public Safety						
QB02A	DPSCS: Maryland House of Correction Deconstruction	$3,306,000	$0	$0	$0	$0	$3,306,000
QB0604A	DPSCS: Dorsey Run Correctional Facility	987,000	0	0	0	0	987,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
QP00	DPSCS: Youth Detention Center	2,600,000	0	0	0	0	2,600,000
WA01A	DSP: Helicopter Replacement	7,057,000	0	0	0	0	7,057,000
WA01B	DSP: Old Crime Lab – Improvements and Reconfiguration	1,612,000	0	0	0	0	1,612,000
WA01C	DSP: Tactical Services Garage	1,174,000	0	0	0	0	1,174,000
	Subject Category Subtotal	***$16,736,000***	***$0***	***$0***	***$0***	***$0***	***$16,736,000***
	Education						
DE0202A	BPW: Public School Construction Program	$300,000,000	$0	$25,000,000	$0	$0	$325,000,000
DE0202B	BPW: Aging Schools Program	8,109,000	0	0	0	0	8,109,000
DE0202C	BPW: Non-Public Schools Aging Schools Program	3,500,000	0	0	0	0	3,500,000
DE0202QZ	BPW: Qualified Zone Academy Bond Program	4,549,000	0	0	0	0	4,549,000
RA01A	MSDE: Public Library Capital Grant Program	5,000,000	0	0	0	0	5,000,000
RA01B	MSDE: State Library Resource Center	1,205,000	0	0	0	0	1,205,000
RE01A	MSD: New Fire Alarm and Emergency Notification System – Frederick Campus	850,000	0	0	0	0	850,000
ZA00R	MISC: Maryland School for the Blind – LIFE Education Building	5,000,000	0	0	0	0	5,000,000
	Subject Category Subtotal	***$328,213,000***	***$0***	***$25,000,000***	***$0***	***$0***	***$353,213,000***
	Higher Education						
RB21A	UMB: Health Sciences Research Facility III	$16,570,000	$0	$0	$0	$0	$16,570,000
RB22A	UMCP: Remote Library Storage Facility	6,107,000	0	0	0	0	6,107,000
RB22B	UMCP: Physical Sciences Complex – Phase I	5,300,000	0	0	0	0	5,300,000

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
RB22C	UMCP: Campuswide Building System and Infrastructure Improvements	5,000,000	5,000,000	0	0	0	10,000,000
RB22D	UMCP: Edward St. John Learning and Teaching Center	3,420,000	0	0	0	0	3,420,000
RB22E	UMCP: H. J. Patterson Hall – Wing I Renovation	878,000	0	0	0	0	878,000
RB22F	UMCP: New Bioengineering Building	5,000,000	0	0	0	0	5,000,000
RB23A	BSU: Natural Sciences Center	4,500,000	0	0	0	0	4,500,000
RB23B	BSU: Leonidas James Physical Education Complex Renovation	1,500,000	0	0	0	0	1,500,000
RB24A	TU: Campuswide Safety and Circulation Improvements	7,812,000	0	0	0	0	7,812,000
RB24B	TU: Smith Hall Expansion and Renovation	3,200,000	0	0	0	0	3,200,000
RB24C	TU: Softball Facility	500,000	0	0	0	0	500,000
RB25A	UMES: New Engineering and Aviation Sciences Building	22,695,000	0	0	0	0	22,695,000
RB26A	FSU: New Center for Communications and Information Technology	9,843,000	0	0	0	0	9,843,000
RB27A	CSU: New Science and Technology Center	44,412,000	10,000,000	0	0	0	54,412,000
RB27B	CSU: Pedestrian Bridge – ADA Improvements	1,786,000	0	0	0	0	1,786,000
RB28A	UB: Langsdale Library	1,000,000	0	0	0	0	1,000,000
RB29A	SU: New Academic Commons	6,572,000	0	0	0	0	6,572,000
RB29B	SU: Delmarva Public Radio	900,000	0	0	0	0	900,000
RB31A	UMBC: New Performing Arts and Humanities Facility	36,106,000	0	0	0	0	36,106,000
RB31B	UMBC: Campus Traffic Safety and Circulation Improvements	1,962,000	0	0	0	0	1,962,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
RB34A	UMCES: New Environmental Sustainability Research Laboratory	2,350,000	0	0	0	0	2,350,000
RB36A	USMO: Shady Grove Educational Center – Biomedical Science and Engineering Education Building	5,000,000	0	0	0	0	5,000,000
RB36B	USMO: Southern Maryland Regional Higher Education Facility	1,500,000	0	0	0	0	1,500,000
RB36RB	USMO: Capital Facilities Renewal	0	17,000,000	0	0	0	17,000,000
RD00A	SMCM: Anne Arundel Hall Reconstruction	4,580,000	0	0	0	0	4,580,000
RI00A	MHEC: Community College Facilities Grant Program	52,035,000	0	0	0	0	52,035,000
RM00A	MSU: New School of Business Complex and Bridge	50,514,000	0	0	0	0	50,514,000
RM00B	MSU: Soper Library Demolition	3,850,000	0	0	0	0	3,850,000
RM00C	MSU: New Jenkins Behavioral and Social Science Center	297,000	0	0	0	0	297,000
RM00D	MSU: Athletic Facility Renovations	200,000	0	0	0	0	200,000
ZA00J	MISC: High Performance Data Center	12,000,000	0	0	0	0	12,000,000
ZA00O	MICUA: Johns Hopkins University Academic Research Building	4,000,000	0	0	0	0	4,000,000
ZA00P	MICUA: Maryland Institute College of Arts Academic Building and Fox Building Renovation	4,000,000	0	0	0	0	4,000,000
ZA00Q	MICUA: Hood College Hodson Science and Technology Center and Tatem Academic Building Renovations	2,500,000	0	0	0	0	2,500,000
	Subject Category Subtotal	***$327,889,000***	***$32,000,000***	***$0***	***$0***	***$0***	***$359,889,000***

		Bonds		Current Funds (PAYGO)			
Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
	Housing/Community Development						
DW0110A	MDOP: African American Heritage Preservation Program	$1,000,000	$0	$0	$0	$0	$1,000,000
DW0110B	MDOP: Maryland Historical Trust Capital Loan Fund	150,000	0	0	100,000	0	250,000
DW0112	MDOP: Sustainable Communities Tax Credit	0	0	10,000,000	0	0	10,000,000
SA2402A	DHCD: Community Development Block Grant Program	0	0	0	0	10,000,000	10,000,000
SA24A	DHCD: Community Legacy Program	6,000,000	0	0	0	0	6,000,000
SA24B	DHCD: Neighborhood Business Development Program	1,010,000	0	3,000,000	1,350,000	0	5,360,000
SA24C	DHCD: Strategic Demolition and Smart Growth Impact Project Fund	5,000,000	0	0	0	0	5,000,000
SA2514	DHCD: Maryland BRAC Preservation Loan Fund	0	0	0	2,250,000	0	2,250,000
SA25A	DHCD: Partnership Rental Housing Programs	6,000,000	0	0	0	0	6,000,000
SA25B	DHCD: Homeownership Programs	7,600,000	0	0	900,000	0	8,500,000
SA25C	DHCD: Shelter and Transitional Housing Facilities Grant Program	1,500,000	0	0	0	0	1,500,000
SA25D	DHCD: Special Loan Programs	6,600,000	0	0	800,000	3,000,000	10,400,000
SA25E	DHCD: Rental Housing Programs	20,000,000	0	0	21,125,000	6,000,000	47,125,000
	Subject Category Subtotal	***$54,860,000***	***$0***	***$13,000,000***	***$26,525,000***	***$19,000,000***	***$113,385,000***
	Local Projects						
D06E021	MISC: Eastern Family Resource Center	$0	$0	$2,500,000	$0	$0	$2,500,000
D06E022	MISC: Parkville Middle School Facility Improvements	0	0	100,000	0	0	100,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
D06E023	MISC: East Baltimore Revitalization Projects	0	0	1,350,000	0	0	1,350,000
ZA00A	MISC: Alice Ferguson Foundation – Potomac Watershed Study Center	1,700,000	0	0	0	0	1,700,000
ZA00B	MISC: Annapolis High School – Athletic Facilities	2,500,000	0	0	0	0	2,500,000
ZA00C	MISC: Baltimore County War of 1812 Historic Site Improvements	250,000	0	0	0	0	250,000
ZA00D	MISC: Baltimore Museum of Art Renovations	3,500,000	0	0	0	0	3,500,000
ZA00E	MISC: The Center for Parks and People at Auchentoroly Terrace	1,000,000	0	0	0	0	1,000,000
ZA00F	MISC: Central Baltimore Partnership Renovation Plan	3,000,000	0	0	0	0	3,000,000
ZA00G	MISC: National Cryptologic Museum Cyber Center	500,000	0	0	0	0	500,000
ZA00H	MISC: East Baltimore Biotechnology Park	5,000,000	0	0	0	0	5,000,000
ZA00I	MISC: Eastern Shore Conservation Center	1,000,000	0	0	0	0	1,000,000
ZA00K	MISC: Hillel Center for Social Justice	1,000,000	0	0	0	0	1,000,000
ZA00N	MISC: Maryland Hall for the Creative Arts	500,000	0	0	0	0	500,000
ZA00S	MISC: Maryland Zoo in Baltimore Infrastructure Improvements	7,000,000	0	0	0	0	7,000,000
ZA00T	MISC: Mount Vernon Place Restoration	1,000,000	0	0	0	0	1,000,000
ZA00U	MISC: National Aquarium in Baltimore – Infrastructure Improvements	5,000,000	0	0	0	0	5,000,000
ZA00V	MISC: New Horizons Training Center	200,000	0	0	0	0	200,000

		Bonds		Current Funds (PAYGO)			
Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
ZA00W	MISC: Ocean City Convention Center Performing Arts Venue	3,500,000	0	0	0	0	3,500,000
ZA00X	MISC: Port Discovery Children's Museum Renovation	1,028,000	0	0	0	0	1,028,000
ZA00AA	MISC: Sports Legends Museum Renovations	480,000	0	0	0	0	480,000
ZA00AB	MISC: The Walters Art Museum	2,500,000	0	0	0	0	2,500,000
ZA00AC	MISC: Adventure Sports Center International	1,000,000	0	0	0	0	1,000,000
ZA00AD	MISC: Linwood Center	300,000	0	0	0	0	300,000
ZA00AE	MISC: Maryland Historical Society Infrastructure Improvements	250,000	0	0	0	0	250,000
ZA00AF	MISC: Cambridge Marine Terminal Redevelopment Project	1,500,000	0	0	0	0	1,500,000
ZA00AG	MISC: Green Branch Athletic Complex	1,000,000	0	0	0	0	1,000,000
ZA00AH	MISC: Lyric Opera House	250,000	0	0	0	0	250,000
ZA00AI	MISC: Howard County Highway and Street Improvements	1,000,000	0	0	0	0	1,000,000
ZA00AJ	MISC: Civista Health System Emergency Generation	250,000	0	0	0	0	250,000
ZA00AK	MISC: William Paca House	250,000	0	0	0	0	250,000
ZA00AL	MISC: Innovative Center for Autonomous Systems Development	250,000	0	0	0	0	250,000
ZA00AM	MISC: Rescue Squad Building Renovations	125,000	0	0	0	0	125,000
ZA00AN	MISC: Ripken Stadium Improvements	450,000	0	0	0	0	450,000
ZA00AO	MISC: Fair Hill Race Track Improvements	50,000	0	0	0	0	50,000
ZA00AP	MISC: Chesapeake Shakespeare Company's Downtown Theatre	100,000	0	0	0	0	100,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA00AQ	MISC: Institute for Behavior Resources	50,000	0	0	0	0	50,000
ZA00AR	MISC: Culler Lake Stormwater Management	125,000	0	0	0	0	125,000
ZA00AS	MISC: Central High School Infrastructure Improvements	500,000	0	0	0	0	500,000
ZA00AT	MISC: The Writer's Center	125,000	0	0	0	0	125,000
ZA00AU	MISC: Mount Pleasant Family Life Center	100,000	0	0	0	0	100,000
ZA02	MISC: Local House Initiatives	7,500,000	0	0	0	0	7,500,000
ZA03	MISC: Local Senate Initiatives	7,500,000	0	0	0	0	7,500,000
	Subject Category Subtotal	***$63,333,000***	***$0***	***$3,950,000***	***$0***	***$0***	***$67,283,000***
	Transportation						
ZA00L	MISC: InterCounty Connector	$21,475,000	$0	$0	$0	$0	$21,475,000
	Subject Category Subtotal	***$21,475,000***	***$0***	***$0***	***$0***	***$0***	***$21,475,000***
	De-authorizations						
ZF00	De-authorizations as Introduced	-$27,671,000	$0	$0	$0	$0	-$27,671,000
ZF00A	Additional De-authorizations	-6,448,000	0	0	0	0	-6,448,000
	Subject Category Subtotal	***-$34,119,000***	***$0***	***$0***	***$0***	***$0***	***-$34,119,000***
	Current Year Total	**$1,079,549,000**	**$32,000,000**	**$49,864,000**	**$283,176,000**	**$87,216,726**	**$1,531,805,726**
	Fiscal 2013 Deficiencies						
SA24C	DHCD: Strategic Demolition and Smart Growth Impact Project Fund	$0	$0	$2,500,000	$0	$0	$2,500,000
	Deficiency Subtotal	***$0***	***$0***	***$2,500,000***	***$0***	***$0***	***$2,500,000***

		Bonds		Current Funds (PAYGO)			
Budget Code	**Project Title**	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total Funds**
	Entire Budget Total	**$1,079,549,000**	**$32,000,000**	**$52,364,000**	**$283,176,000**	**$87,216,726**	**$1,534,305,726**
	Transportation CTP	**$0**	**$395,000,000**	**$0**	**$690,093,810**	**$913,475,000**	**$1,998,568,810**
	Grand Total	**$1,079,549,000**	**$427,000,000**	**$52,364,000**	**$973,269,810**	**$1,000,691,726**	**$3,532,874,536**

ADA: Americans with Disabilities Act
BPW: Board of Public Works
BRAC: Base Realignment and Closure
BSU: Bowie State University
CSU: Coppin State University
CTP: *Consolidated Transportation Program*
DHCD: Department of Housing and Community Development
DHMH: Department of Health and Mental Hygiene
DJS: Department of Juvenile Services
DoIT: Department of Information Technology
DNR: Department of Natural Resources
DPSCS: Department of Public Safety and Correctional Services
DSP: Department of State Police
DVA: Department of Veterans Affairs
FSU: Frostburg State University
MD: Military Department
MDA: Maryland Department of Agriculture
MDE: Maryland Department of the Environment
MDOD: Maryland Department of Disabilities
MDOP: Maryland Department of Planning
MEA: Maryland Energy Administration
MES: Maryland Environmental Service
MHEC: Maryland Higher Education Commission
MICUA: Maryland Independent College and University Association
MISC: miscellaneous
MSD: Maryland School for the Deaf
MSDE: Maryland State Department of Education
MSU: Morgan State University
NICU: neonatal intensive care unit
PAYGO: pay-as-you-go
SMCM: St. Mary's College of Maryland
SU: Salisbury University
TU: Towson University
UB: University of Baltimore
UMB: University of Maryland, Baltimore
UMBC: University of Maryland Baltimore County
UMCES: University of Maryland Center for Environmental Science
UMCP: University of Maryland, College Park
UMES: University of Maryland Eastern Shore
UMMS: University of Maryland Medical System
USMO: University System of Maryland Office

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

Exhibit A-2.3

Legislative Projects – 2013 Session

(Project Count: 135)

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Statewide					
Adventure Sports Center International Site			$1,000,000	$1,000,000	Hard
Camp Woodlands Tee Pee Project	$50,000	$100,000		150,000	Soft (all)
Little Sisters of the Poor – St. Martin's Home		250,000		250,000	Soft (all)
Maryland Artificial Reef Initiative		200,000		200,000	Hard
Maryland Food Bank Improvements	250,000	250,000		500,000	Hard
Maryland STEM Lab at Broad Creek Memorial Scout Reservation	250,000			250,000	Soft (1,2)
Wye River Upper School		200,000		200,000	Hard
Subtotal				***$2,550,000***	
Allegany					
Friends Aware Facility	$50,000	$50,000		$100,000	Hard
Subtotal				***$100,000***	
Anne Arundel					
Mayo Civic Association Community Hall		$25,000		$25,000	Hard
Meade High School Concession Stand		50,000		50,000	Soft (all)
MTR Land Enhancement Project	$100,000	100,000		200,000	Soft (1,3)
National Electronics Museum	100,000	100,000		200,000	Soft (2)

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Southern Middle School and Southern High School Improvements	100,000			100,000	Hard
William Paca House Restoration			$250,000	250,000	Grant
Subtotal				***$825,000***	
Baltimore City					
Baltimore Curriculum Project		$55,000		$55,000	Soft (2)
Baltimore Design School		100,000		100,000	Hard
Carroll's Hundred Archaeology Project		100,000		100,000	Soft (U,2)
Chesapeake Shakespeare Company's Downtown Theatre		25,000	$100,000	125,000	Hard
Education Based Latino Outreach ADA/Elevator Project	$300,000			300,000	Soft (all)
Fayette Street Outreach Community Center	225,000	125,000		350,000	Soft (all)
Institutes for Behavior Resources			50,000	50,000	Hard
LAMB Community Resource Center		125,000		125,000	Soft (all)
Leadenhall Community Outreach Center		25,000		25,000	Soft (all)
Learn'In to Live Again Project	105,000			105,000	Soft (2,3)
Liberty Rec and Tech Center	200,000			200,000	Soft (U,2,3)
Mattie B. Uzzle Outreach Center		150,000		150,000	Soft (1,2)
Morgan State University Athletic Facility Renovations			200,000	200,000	Hard
Mount Pleasant Family Life Center			100,000	100,000	Soft (all)
New Creation Christian Academy Day Care Playground		100,000		100,000	Soft (1,2)
Park Heights Women and Children's Center		175,000		175,000	Hard

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Patricia and Arthur Modell Performing Arts Center at the Lyric			250,000	250,000	Hard
Ralph J. Young Early Childhood Center		45,000		45,000	Soft (2)
Revitalization of Hobbs Fitness Center		75,000		75,000	Soft (2,3)
Skatepark of Baltimore at Roosevelt Park		75,000		75,000	Soft (1,2)
Stone House Preservation and Rehabilitation	275,000			275,000	Soft (2,3)
Subtotal				***$2,980,000***	
Baltimore					
Baltimore County Humane Society		$35,000		$35,000	Soft (2)
Catonsville Clubhouse Renovations	$32,500	32,500		65,000	Soft (2)
Catonsville Rails to Trails		50,000		50,000	Soft (all)
CCBC Catonsville Historic Mansion Preservation	75,000	50,000		125,000	Hard
Comet Booster Club Bleachers and Press Box	62,500	62,500		125,000	Hard
Diversified Housing Development	120,000			120,000	Hard
Dundalk Youth Services Arts Center	75,000	125,000		200,000	Soft (2)
Easter Seals Adult Day Services Center Expansion	125,000	125,000		250,000	Hard
Good Shepherd Center Cooling Tower	20,000	50,000		70,000	Hard
Kingsville Volunteer Fire Company		145,000		145,000	Soft (1,3)
Limekilns and Log House Stabilization Project at Cromwell Valley Park	50,000	100,000		150,000	Soft (2,3)
Perry Hall High School Stadium Scoreboard		55,000		55,000	Hard
Youth in Transition School	150,000	50,000		200,000	Hard
Subtotal				***$1,590,000***	

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Calvert					
North Beach Pier Improvements		$250,000		$250,000	Soft (all)
Subtotal				***$250,000***	
Cecil					
Boys & Girls Club of Cecil County Northeast Renovation Project	$50,000			$50,000	Soft (2,3)
Cecil Inn Renovations	100,000			100,000	Soft (2)
Subtotal				***$150,000***	
Charles					
Children's Aid Society Building Addition		$100,000		$100,000	Soft (2)
Melwood Recreation Center		105,000		105,000	Hard
Subtotal				***$205,000***	
Dorchester					
Chesapeake Grove Senior Housing and Intergenerational Center	$150,000			$150,000	Soft (1)
Sailwinds Wharf Development Project			$1,500,000	1,500,000	Soft (all)
Subtotal				***$1,650,000***	
Frederick					
Color on the Creek Improvements		$20,000		$20,000	Soft (2,3)
Culler Lake Stormwater Management			$125,000	125,000	Soft (2)
Mental Health Association Building	$75,000	175,000		250,000	Soft (2,3)
Oakdale High School Concession Stand Construction	50,000			50,000	Soft (2,3)

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
The Jane Hanson National Memorial		35,000		35,000	Soft (2)
Subtotal				***$480,000***	
Harford					
Havre de Grace Opera House Renovations	$250,000			$250,000	Soft (3)
Humane Society Animal Shelter		$150,000		150,000	Hard
Subtotal				***$400,000***	
Howard					
Blandair Regional Park	$145,000	$105,000		$250,000	Hard
Domestic Violence Center	200,000			200,000	Hard
Historic Belmont Property Restoration		125,000		125,000	Hard
Middle Patuxent Environmental Area	150,000			150,000	Soft (2)
The Arc's Homewood Road Renovation		100,000		100,000	Hard
Vantage House Retirement Community Renovations	75,000			75,000	Soft (2)
Subtotal				***$900,000***	
Montgomery					
Bohrer Park Miniature Golf Course	$100,000	$50,000		$150,000	Hard
Falling Green at OBGC Park Renovations		75,000		75,000	Soft (all)
Identity House Expansion	30,000	100,000		130,000	Soft (3)
Jewish Foundation for Group Homes Renovations	150,000			150,000	Soft (3)
Ken-Gar Community Center		100,000		100,000	Soft (all)
Kids International Discovery Museum	50,000			50,000	Hard
Laytonsville District Volunteer Fire Station	150,000			150,000	Soft (3)

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Maryland Youth Ballet Institutional Capacity Building	100,000			100,000	Soft (all)
Melvin J. Berman Hebrew Academy Restorations		100,000		100,000	Soft (U,all)
Montgomery Village Pavilion		30,000		30,000	Soft (all)
Olney Theatre Center	125,000			125,000	Soft (1)
Potomac Community Resources Home		100,000		100,000	Hard
Pyramid Atlantic Art Center Space at the Silver Spring Library	100,000	75,000		175,000	Soft (1)
RCI Group Home Renovations		100,000		100,000	Hard
St. Luke's House and Threshold Services United Renovations	25,000	75,000		100,000	Hard
St. Luke's House Property Renovations and Repairs	50,000			50,000	Soft (3)
Takoma Park Silver Spring Shared Use Community Kitchen	150,000	100,000		250,000	Soft (1)
The Writer's Center		125,000	$125,000	250,000	Soft (2)
Wasserman Residence Phase 2 Renovations	125,000	225,000		350,000	Hard
West Fairland Local Park Renovations	50,000	75,000		125,000	Soft (all)
Subtotal				***$2,660,000***	
Prince George's					
Berwyn Heights Town Administration Building and Senior Center Power Improvements	$80,000			$80,000	Hard
Bethel Recreation Center	100,000			100,000	Grant
Bowie Lions Club Renovation		$25,000		25,000	Soft (all)
Chesapeake Math and IT Academy Gymnasium	100,000	150,000		250,000	Soft (2)
Cheverly American Legion Post 108	40,000			40,000	Soft (U,2,3)

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Cheverly UMC Kitchen and Public Accessibility Project	80,000	70,000		150,000	Hard
City of District Heights Senior Day Facility Expansion	150,000	100,000		250,000	Soft (1)
Eagle Harbor Artesian Well Restoration		50,000		50,000	Grant
Glassmanor Recreational Center Renovations	100,000	25,000		125,000	Soft (1)
Holy Trinity Episcopal Day School Air-Supported Structure (Athletic & Arts Center)		50,000		50,000	Hard
Lake Arbor Capital Improvements		50,000		50,000	Soft (1)
Lake Arbor Center Water and Sewage Connection Project	100,000	100,000		200,000	Soft (1)
Laurel Armory-Anderson & Murphy Community Center Improvements	100,000			100,000	Hard
Multi-use Fields			$1,000,000	1,000,000	Soft (all)
National Philippine Multi-Cultural Center	100,000			100,000	Soft (all)
New Revival Center of Renewal	150,000			150,000	Hard
Olde Mill Community and Teaching Center	50,000	100,000		150,000	Soft (all)
Palmer Park Boys & Girls Club	50,000			50,000	Soft (1,3)
Peppermill Village Community Center Renovations	150,000			150,000	Hard
Potomac High School Stadium and Track Construction		125,000		125,000	Soft (1)
Pregnancy Aid Center	100,000			100,000	Hard
Riverdale Park Town Hall Youth and Community Wing	100,000	150,000		250,000	Hard
St. Ann's Security Renovations		80,000		80,000	Soft (2)
Subtotal				***$3,625,000***	

Project Title	House Initiative	Senate Initiative	Other	Total Funding	Match/ Requirements
Queen Anne's					
Kennard High School Restoration Project	$150,000	$150,000		$300,000	Soft (1,2)
Subtotal				***$300,000***	
Talbot					
Easton Head Start Center	$100,000	$50,000		$150,000	Hard
Oxford Community Center		100,000		100,000	Hard
Subtotal				***$250,000***	
Washington					
Antietam Fire Company Renovations	$85,000			$85,000	Soft (3)
Lockhouse 44, Lock 44, and Western MD Railroad Lift Bridge		$100,000		100,000	Soft (2,3)
Subtotal				***$185,000***	
Wicomico					
YMCA of the Chesapeake	$250,000			$250,000	Hard
Subtotal				***$250,000***	
Worcester					
Diakonia Housing Expansion	$200,000	$150,000		$350,000	Soft (2,3)
Subtotal				***$350,000***	
Total Senate and House Initiatives	**$7,500,000**	**$7,500,000**		**$19,700,000**	

Match Key: 1 = Real Property; 2 = In Kind Contribution; 3 = Prior Expended Funds; U = Unequal Match

Operating Budget Relief and Fund Transfers

As shown in **Exhibit A-2.4**, the GO bond program is used to reduce operating budget appropriations and to replace funds transferred from various capital accounts to the general fund. The fiscal situation continues to limit the use of PAYGO funds to support the capital program and has resulted in the shift of $56.0 million of funding for certain grant and loan programs to the bond program. GO bond funding of $7.1 million reflects the phased multi-year funding for the acquisition of new Medevac helicopters in place of special funds from the Helicopter Replacement Fund. The 2013 capital program also includes $62.2 million of GO bond authorizations provided as part of a multi-year replacement for revenue and fund balance transfers. Of this amount, $53.2 million reflects GO bond replacement for transfers made in prior year budgets and BRFAs and the use of GO bonds to support the Tobacco Transition Program. The MCCBL of 2013 also provides $9.0 million of GO bonds for Department of Natural Resources (DNR) programs traditionally supported with transfer tax revenue special fund appropriations ($4.5 million for the Critical Maintenance Program and $4.5 million for the Natural Resources Development Fund). **Exhibit A-2.5** illustrates the transfers and multi-year replacement as they overlap and planned out-year GO bond replacement pre-authorized in the MCCBL of 2013.

Exhibit A-2.4
Use of General Obligation Bond Program to Support Operating Budget Relief
($ in Millions)

	Fiscal 2014
Special Fund Revenue and Fund Balance Replacement: The budgets and the Budget Reconciliation and Financing Acts (BRFA) of 2010, 2011, and 2012 provided for the transfer of $987.1 million of unexpended fund balance and estimated fiscal 2011 through 2013 revenue from multiple capital program accounts (excluding the Medevac Helicopter Replacement Fund discussed below). Through fiscal 2014 a total of $813.0 million of general obligation (GO) bond funds have been used to replace the transfers with out-year authorizations scheduled to replace most of the remaining transfers, which includes $51.3 of fiscal 2014 authorizations. The 2013 BRFA includes an additional $410.7 million diversion of transfer tax revenues to the general fund over five years. The MCCBL of 2013 includes GO bond replacement of $405.0 million scheduled over a multi-year period through fiscal 2020 with $9.0 million of bond replacements included in fiscal 2014.	$62.2
InterCounty Connector: Fiscal 2014 completes the multi-year plan to use GO bond funds in place of general funds as part of the statutory contribution to the overall financing of the InterCounty Connector.	21.5
Medevac Helicopter Replacement: There is a multi-year plan to use GO bond funds to fund the replacement of the Medevac helicopter fleet in place of using special funds from the Helicopter Replacement Fund.	7.1
Use of GO Bond Funds to Fund Capital Programs Traditionally Funded with General Funds: This principally includes funding for grant and loan programs administered by the Department of Housing and Community Development and the Maryland Department of the Environment and the use of bonds to fund the Aging Schools Program.	56.0
Total	**$146.8**

Exhibit A-2.5

Fund Transfers and Multi-Year General Obligation Bond Replacement Plan

($ in Millions)

	Transfers					Fund Replacement					
Program	**Special Fund Balances**	**Revenues Fiscal 2010-13**	**Revenues Fiscal 2014**	**Revenues Fiscal 2015-18**	**Total Transfers**	**Replaced Fiscal 2010-13**	**Replaced Fiscal 2014**	**Replaced Fiscal 2015-20**	**Total Amount of Fund Transfers to Be Replaced**	**Not Replaced**	
Waterway Improvement Program	$12.5	$5.0	$0.0	$0.0	$17.5	$17.5	$0.0	$0.0	$17.5	$0.0	
Program Open Space (POS) – State	172.3	56.6	22.0	91.3	342.2	200.9	15.1	121.2	337.2	4.9	***
POS – Local	103.1	50.0	23.7	88.9	265.7	124.3	17.9	123.5	265.7	0.0	
Rural Legacy	10.6	39.6	10.7	36.2	97.1	27.1	8.1	51.7	86.9	10.2	***
Ocean City Beach Replenishment – POS	2.1	2.0	0.0	2.0	6.1	4.1	0.0	2.0	6.1	0.0	
Ocean City Beach Replenishment – Local	3.4	0.0	0.0	0.0	3.4	3.4	0.0	0.0	3.4	0.0	
Natural Resources Development Fund	17.7	8.8	10.2	27.7	64.4	22.5	4.5	27.5	54.5	9.7	*
Critical Maintenance Program	3.2	11.2	4.5	8.0	26.9	13.3	4.5	8.0	25.8	1.0	*
Dam Rehabilitation Program	0.7	0.5	0.0	0.0	1.2	1.2	0.0	0.0	1.2	0.0	
House Assessment Program	0.9	0.0	0.0	0.0	0.9	0.8	0.0	0.0	0.8	0.2	*

	Transfers					Fund Replacement					
Program	**Special Fund Balances**	**Revenues Fiscal 2010-13**	**Revenues Fiscal 2014**	**Revenues Fiscal 2015-18**	**Total Transfers**	**Replaced Fiscal 2010-13**	**Replaced Fiscal 2014**	**Replaced Fiscal 2015-20**	**Total Amount of Fund Transfers to Be Replaced**	**Not Replaced**	
Hurricane Isabel Funds	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.2	*
Neighborhood Business Development	3.6	3.2	0.0	0.0	6.8	6.7	0.0	0.0	6.7	0.1	**
Community Legacy Program	0.4	0.0	0.0	0.0	0.4	0.4	0.0	0.0	0.4	0.0	
Homeownership Programs	0.0	4.5	0.0	0.0	4.5	4.5	0.0	0.0	4.5	0.0	
Special Loan Programs	2.1	4.7	0.0	0.0	6.8	6.9	0.0	0.0	6.9	0.0	
Tobacco Transition Program	0.0	5.4	1.9	0.0	7.3	5.4	1.9	0.0	7.3	0.0	
Agricultural Land Preservation Program	10.0	49.1	18.1	67.6	144.8	30.9	10.3	91.9	133.1	11.8	***
Bay Restoration Fund	205.0	85.0	0.0	0.0	290.0	290.0	0.0	0.0	290.0	0.0	
Helicopter Replacement Fund	113.7	0.0	0.0	0.0	113.7	113.7	0.0	0.0	113.7	0.0	****
Total	**$661.5**	**$325.6**	**$91.1**	**$321.7**	**$1,399.9**	**$873.6**	**$62.3**	**$425.8**	**$1,361.7**	**$38.1**	

*Indicates amount not to be replaced based on other budget priorities or funds not needed to complete projects.

**The Budget Reconciliation and Financing Act of 2011 included the transfer of $2.1 million of special funds from the Neighborhood Business Development Program that was replaced with $2.1 million in general obligation (GO) bonds. The 2012 capital budget bill deletes the bonds replaced in recognition that the program received $2.1 million of special fund appropriation through budget amendment, thereby making the replacement unnecessary.

*** In the 2010 session, the General Assembly also reduced the fiscal 2011 GO bond amount for the Maryland Agricultural Land Preservation Foundation (MALPF) by $4.0 million to reflect the availability of special funds available from funds not used by the Maryland Agricultural and Resource-Based Industry Development Corporation. In the 2011 session, the General Assembly reduced the fiscal 2012 GO bond amount for Rural Legacy by $4.6 million which is not being replaced. In the 2012 session, the General Assembly reduced the fiscal 2013 GO bond replacement funding for Stateside POS by $4.908 million, Rural Legacy by $4.267 million, and MALPF by $5.418 million and made no provision to replace these funds in future years choosing instead to redirect the funds to provide additional funding for shovel ready environmental and natural resources projects. In the 2013 session, the General Assembly reduced the fiscal 2014 bond replacement funding for the Rural Legacy Program by $1.3 million and the Agricultural Land Preservation Program by $2.4 million and made no provision to replace these funds in future years.

**** Helicopter Replacement Fund transfers include both fund balance transfers and revenue diversions – the amount needed to complete the new fleet purchase will exceed the amount transferred, therefore, the amount shown as replacement only reflects replacement of the transfers and diversions.

Debt Affordability

Citing available debt capacity within the State's affordability limits, increased employment and revenue that additional infrastructure investment would generate, and the need to fund projects accelerated by the General Assembly in the 2012 session, the Capital Debt Affordability Committee (CDAC) voted to increase the amount of GO bond authorizations through the five-year planning period. The CDAC recommendation increased new GO bond authorizations by $150 million annually for the 2013 through 2017 sessions for a total increase of $750 million over what the committee recommended prior to the 2012 session. As shown in **Exhibit 2.6**, the long range plan adopted by CDAC in December 2012 provides for a total of $5.560 billion in debt authorizations from 2013 to 2017. The increased level of authorizations is within affordability ratios which limit State debt outstanding to 4% of State personal income and limit State debt service cost to no more than 8% of revenues supporting State debt. Even with the increased authorization levels, due to a generally improved economy, the debt service to revenue ratio is less than the ratio was at this time last year.

Exhibit A-2.6

Capital Debt Affordability Committee Recommended Levels of General Obligation Bond Authorizations

2013-2017 Legislative Sessions

($ in Millions)

Session	2011 Report Recommended Authorizations	2012 Report Recommended Authorizations	Authorization Change
2013	$925	$1,075	$150
2014	935	1,085	150
2015	945	1,095	150
2016	955	1,105	150
2017	1,050	1,200	150
Total	**$4,810**	**$5,560**	**$750**

Source: *Report of the Capital Debt Affordability Committee on Recommended Debt Authorizations*, November 2011 and November 2012

The MCCBL of 2013 passed by the General Assembly is consistent with the $1,075.0 million level of new GO debt authorizations recommended by CDAC. An additional $4.5 million in QZABs, which are not counted in the debt limit, and an additional $34.1 million in GO bonds from prior years are de-authorized in the 2013 capital budget, thereby increasing the amount of new GO debt included in the capital program to $1.113 billion. Included in the $1.113 billion of new debt is $218.6 million authorized in the MCCBL of 2013 to complete the funding for various projects that were split-funded over fiscal 2012 through 2014 as a mechanism to allow the projects to be bid and construction to commence during fiscal 2013 and 2014, respectively.

The State's capital program for fiscal 2013 also includes other actions that affect debt affordability, debt issuance, and future capital budgets.

- ***House Bill 1372*** ***(passed)*** amends prior authorization bond bills by extending matching fund deadlines, extending deadlines for expending or encumbering funds, altering the purposes for which funds may be used, modifying certification requirements, renaming grant recipients, or altering project locations. The amendments are consolidated into an omnibus bill. Prior to the 2008 session, individual prior authorization bills were passed by the General Assembly.

- The MCCBL of 2013 includes $430.8 million of GO bond authorizations that will not take effect until the 2014 session. Of this amount, $350.8 million is needed to either continue the funding for existing construction contracts or allow projects expected to be contracted during fiscal 2013 and 2014 to proceed without the full amount of the construction authorization provided in the fiscal 2013 and 2014 budgets; $67.1 million provides pre-authorizations for various GO bond replacement funding for special fund transfers, and $12.9 million is needed to provide an authorization for the contract for the replacement of the State's Medevac helicopters. The MCCBL of 2013 also provides another $197.4 million that will not take effect until the 2015 session, $120.4 million that will not take effect until the 2016 session, $71.8 million that will not take effect until the 2017 session, $74.5 million that will not take effect until the 2018 session, and $37.9 million that will not take effect until the 2019 session. Much of the pre-authorizations scheduled for the 2014 through the 2019 sessions ($388.2 million) reflect GO bond replacement tied to the replacement of diverted transfer tax revenues included in the BRFA of 2013. **Exhibit A-2.7** shows the pre-authorizations for the 2014 through 2019 sessions.

- ***Senate Bill 633*** ***(passed)*** alters the State share and local matching requirement for the county library grant program, based on the per capita wealth measure used in calculating State aid formula grants for county public libraries, beginning in fiscal 2014. The State share percentage for an approved county library capital project is calculated by dividing the State aid formula grant amount by the full minimum program amount and multiplying the result by 1.25; however, the State share cannot be less than 50% or greater than 90%.

Exhibit A-2.7

Pre-authorizations Included in the MCCBL of 2013

Project/Program Title	2014 Session	2015 Session	2016 Session	2017 Session	2018 Session	2019 Session	Total
DNR: Program Open Space	$41,635,000	$43,718,000	$42,558,000	$44,928,000	$47,505,000	$24,251,000	$244,595,000
DNR: Rural Legacy Program	10,231,000	9,718,000	8,785,000	9,017,000	9,268,000	4,683,000	51,702,000
MDA: Maryland Agricultural Land Preservation Program	15,188,000	16,967,000	16,093,000	16,877,000	17,727,000	9,029,000	91,881,000
DHMH: Henryton Center	3,600,000						3,600,000
DPSCS: Dorsey Run Minimum Security Compound	18,850,000						18,850,000
UMB: Health Sciences Research Facility III and Surge Building	49,000,000	80,000,000	53,000,000	1,000,000			183,000,000
UMES: New Engineering and Aviation Science Building	56,850,000	350,000					57,200,000
TU: Softball Facility	1,500,000						1,500,000
CSU: New Science and Technology Center	6,016,000						6,016,000
SU: New Academic Commons	59,250,000	37,750,000					97,000,000
UMBC: Campus Traffic Safety and Circulation Improvements	10,000,000						10,000,000
SMCM: Anne Arundel Hall	17,700,000	8,900,000					26,600,000
MSD: New Fire Alarm	1,700,000						1,700,000
MHEC: Community College Facilities Grant Program	66,854,000						66,854,000
MSU: New School of Business Complex	3,000,000						3,000,000
MSU: Soper Library Demolition	2,100,000						2,100,000
MES: Infrastructure Improvement Fund	5,430,000						5,430,000
DJS: Cheltenham Youth Facility	31,000,000						31,000,000
DSP: Helicopter Replacement	12,900,000						12,900,000
MISC: Green Branch Athletic Complex	3,000,000						3,000,000

Project/Program Title	2014 Session	2015 Session	2016 Session	2017 Session	2018 Session	2019 Session	Total
MISC: High Performance Computing Data Center	15,000,000						15,000,000
Total	**$430,804,000**	**$197,403,000**	**$120,436,000**	**$71,822,000**	**$74,500,000**	**$37,963,000**	**$932,928,000**

CSU: Coppin State University
DJS: Department of Juvenile Services
DNR: Department of Natural Resources
DHMH: Department of Health and Mental Hygiene
DPSCS: Department of Public Safety and Correctional Services
DSP: Department of State Police
MCCBL: Maryland Consolidated Capital Bond Loan
MDA: Maryland Department of Agriculture
MES: Maryland Environmental Service
MHEC: Maryland Higher Education Commission
MISC: miscellaneous
MSD: Maryland School for the Deaf
MSU: Morgan State University
SMCM: St. Mary's College
SU: Salisbury University
TU: Towson University
UMB: University of Maryland, Baltimore
UMBC: University of Maryland Baltimore County
UMES: University of Maryland Eastern Shore

Note: The proposed pre-authorization for the MHEC Community College Grant Program would allow for the split funding of community college projects started last session by the legislature. This year's list includes $13.5 million for the Community College of Baltimore County, (Catonsville) F Building Renovation and Expansion; $17.3 million for Chesapeake College Center for Allied Health and Athletics; $2.9 million for College of Southern Maryland Center for Regional Programs; $20.9 million for Howard Community College New Science, Engineering, and Technology Building; and $12.2 million for Montgomery College Rockville Science West Building Renovation.

House Bill 860 ***(passed)*** authorizes up to $1.1 billion in debt to be issued by the Maryland Stadium Authority for the purpose of constructing and improving public school facilities in Baltimore City. The legislation specifies $20.0 million in State lottery proceeds, in combination with $40.0 million in Baltimore City and school system funding, annually to support the debt until no further debt is outstanding. The debt is not considered tax-supported State debt and, therefore, is not counted for debt affordability purposes. In addition to managing the funds, MSA is responsible for building new and replacement schools, and the school system will manage the renovation projects approved in the 10-year plan. However, the legislation retains Interagency Committee on School Construction (IAC) project approval and monitoring of project procurement and quality. For further discussion of this bill and school construction generally, see "Public School Construction" heading within subpart "Primary and Secondary Education" in Part L of this 90 Day Report.

Higher Education

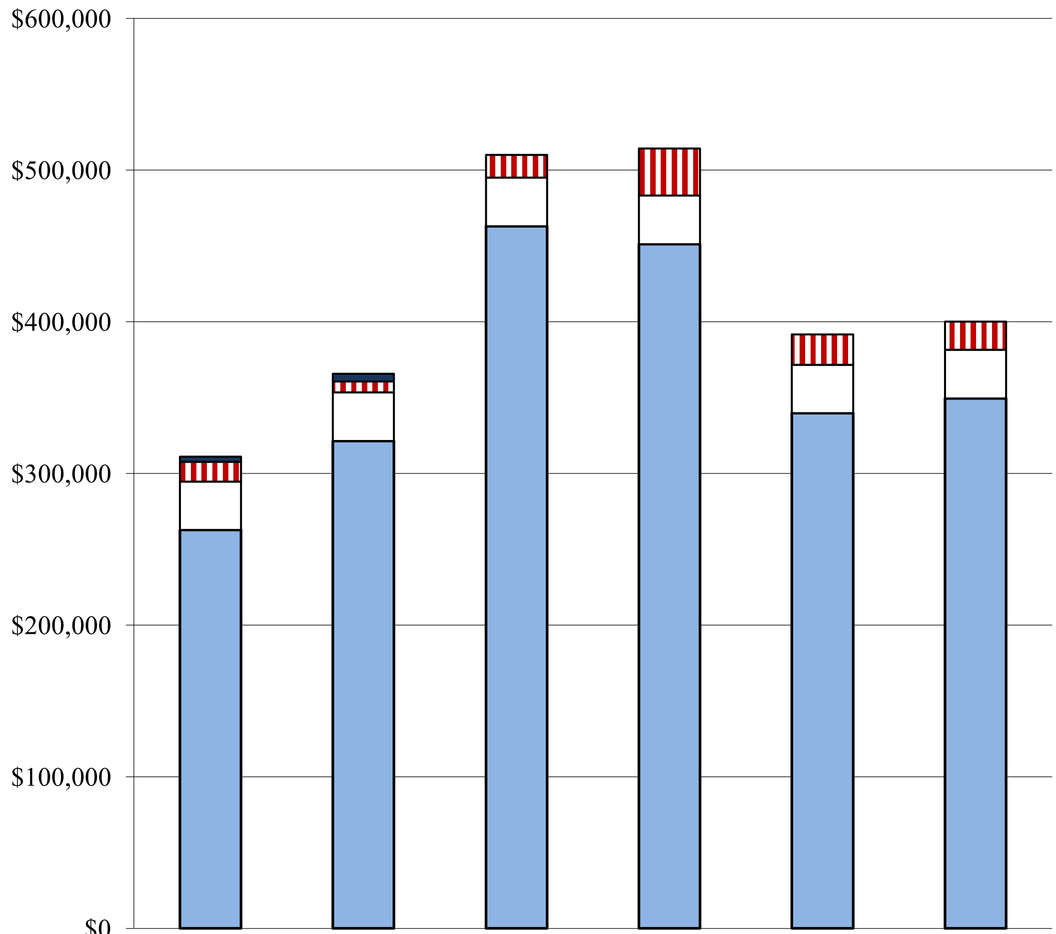
The fiscal 2014 capital program for all segments of higher education is $359.9 million, including GO bonds and ARBs. Of the total funding, four-year public institutions receive $285.4 million, and independent colleges receive $22.5 million. Community colleges, including Baltimore City Community College, receive $52.03 million in fiscal 2014. The *Capital Improvement Program* (CIP), after legislative changes to the fiscal 2014 capital budget, shows $1.405 billion in State capital spending for higher education projects from fiscal 2014 through 2018 all funds. **Exhibit A-2.8** shows the fiscal 2013 and 2014 legislative appropriation for higher education capital projects and the funds anticipated in the CIP for fiscal 2015 through 2018. **Exhibit A-2.9** shows the fiscal 2014 capital funding by institution.

Exhibit A-2.8

Higher Education Authorized and Planned Out-year Capital Funding

Fiscal 2013-2018

($ in Thousands)



	2013	2014 Est.	2015 Est.	2016 Est.	2017 Est.	2018 Est.
Recycled Funds	$3,281	$5,000	$0	$0	$0	$0
Nonbudgeted Funds	13,013	7,250	15,000	30,920	20,000	18,500
Academic Revenue Bonds	32,000	32,000	32,000	32,000	32,000	32,000
GO Bonds	262,616	321,389	462,966	451,200	339,600	349,450

GO: general obligation

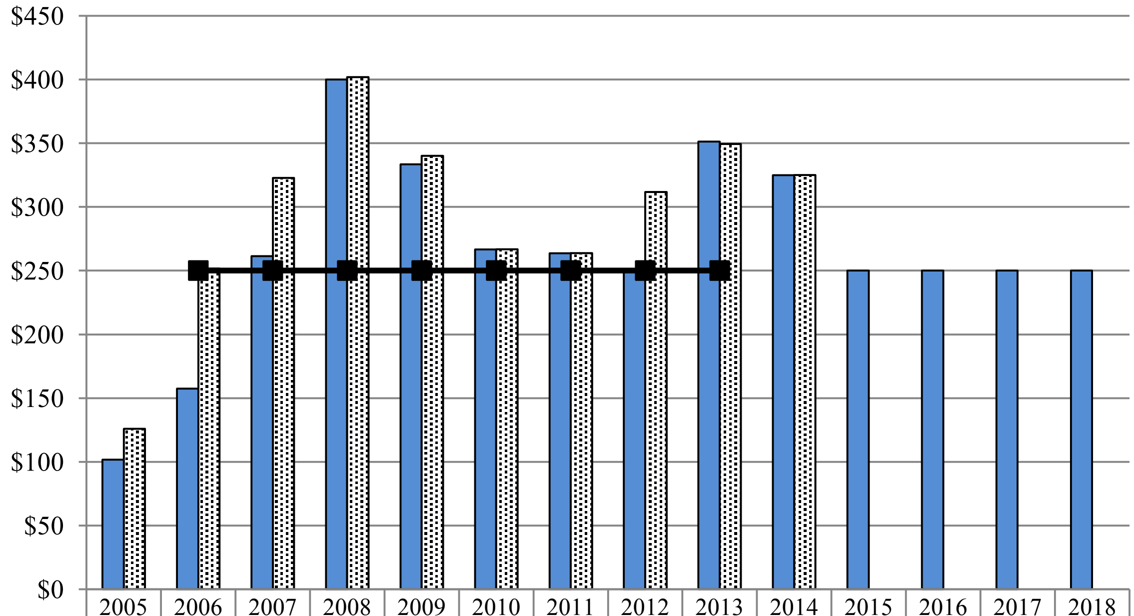
Exhibit A-2.9
Fiscal 2014 Higher Education Capital Funding by Institution
($ in Thousands)

Institution	Capital Funding
University of Maryland, Baltimore	$16,570
University of Maryland, College Park	30,705
Bowie State University	6,000
Towson University	11,512
University of Maryland Eastern Shore	22,695
Frostburg State University	9,843
Coppin State University	56,198
University of Baltimore	1,000
Salisbury University	7,472
University of Maryland Baltimore County	38,068
University of Maryland Center for Environmental Science	2,350
University System of Maryland – Facility Renewal	23,500
Morgan State University	54,861
Independent Colleges	22,500
Community Colleges	52,035
St. Mary's College of Maryland	4,580
Total	**$359,899**

School Construction

The fiscal 2014 capital budget, ***House Bill 101*** ***(passed)***, includes $300.0 million in GO bonds for public school construction, of which $25.0 million is restricted to fund projects that install air conditioning systems in schools that do not currently have centralized air conditioning systems. The operating budget, ***House Bill 100*** ***(passed)***, includes another $25.0 million to fund school safety enhancement upgrades. The Public School Facilities Act of 2004 established a State goal to provide $2.0 billion in State funding over eight years to address deficiencies, or $250 million per year through fiscal 2013. The $2.0 billion goal was met in fiscal 2012, one year early. Between fiscal 2005 and 2014, the State invested $2.8 billion, as shown in **Exhibit A-2.10**.

Exhibit A-2.10
Public School Construction Funding
Fiscal 2005-2018
($ in Millions)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governor	$101.6	$157.4	$261.3	$400.0	$333.4	$266.6	$263.7	$250.0	$351.4	$325.0	$250.0	$250.0	$250.0	$250.0
Final	$125.9	$251.6	$322.7	$401.8	$340.0	$266.6	$263.7	$311.6	$349.2	$325.0				
Goal		$250.0	$250.0	$250.0	$250.0	$250.0	$250.0	$250.0	$250.0					

Aging Schools and Qualified Zone Academy Bond Programs

The Aging Schools Program is funded with GO bond funds in fiscal 2014. The capital budget, as passed by the General Assembly, includes $8.6 million in GO bonds allocated as grants to county boards of education. The capital budget bill includes language reflecting the county-by-county distribution notwithstanding the statutory distribution provided in § 5-206 of the Education Article.

The fiscal 2014 capital budget also provides $3.5 million for nonpublic schools to receive grants for school construction projects that are eligible under the Aging Schools program, including school security improvements. Only nonpublic schools meeting the eligibility requirements for Aid to Non-Public schools for textbooks and computer hardware and software may receive these Aging Schools grants, which will be distributed on a per-student basis with a maximum $35 per student, except that schools with at least 20% of their enrollment receiving free and reduced price meals (FRPM) receive $50 per student. Each school will receive at least $5,000. Fiscal 2013 enrollments will be used to determine the allocation of fiscal 2014 funds.

Public school construction funding is further supplemented with $5.4 million of QZABs authorized in ***House Bill 115*** ***(passed)***. QZABs may be used in schools located in federal Enterprise or Empowerment Zones or in schools in which 35% of the student population qualifies for free or reduced price meals. QZAB funds are distributed to local school systems through competitive grants. However, ***House Bill 115*** ***(passed)*** makes the Breakthrough Center and public charter schools eligible for QZAB distributions, as was the case with the QZAB bill from the 2011 and 2012 sessions.

Transfer Tax

The property transfer tax is the primary funding source for State land conservation programs. In order to reduce the State's structural deficit, the Governor proposed the transfer of $410.7 million of transfer tax revenue to the general fund over five years, beginning with fiscal 2014. For fiscal 2014, 67% of the capital-eligible transfer tax allocations for land preservation programs and 100% of the capital-eligible transfer tax allocation for capital development programs were proposed to be transferred to the general fund with bond replacement for land preservation programs scheduled in fiscal 2015 and 2016. For fiscal 2015 through 2018, the Governor proposed to transfer amounts estimated to be 50% of the capital-eligible transfer tax allocation to the general fund and replace the funds with GO bonds in the following two fiscal years.

The General Assembly concurred with the transfer and replacement plan. The $89.2 million transferred from 2014 revenues are attributable to $71.1 million in DNR including POS – State share ($21.9 million), POS – Local share ($23.7 million), POS Capital Improvements ($14.7 million), and Rural Legacy Program ($10.7 million); and $18.1 million in Maryland Agricultural Land Preservation Program funding. The multi-year replacement plan includes the use of general obligation bond funds to replace all but $5.6 million – Natural Resources Development Fund funding – of proposed transfers via fiscal 2014 funding and pre-authorizations that span six years. Of the $405.05 million that is proposed to be replaced, $9.0 million is provided in fiscal 2014, and $357.4 million is pre-authorized in the 2013 capital budget bill for replacement over fiscal 2015 through 2020. An additional $37.6 million, while not included in the pre-authorizations, is part of the replacement plan.

Exhibit A-2.11 shows the fiscal 2014 allocation of funding for programs traditionally funded with transfer tax revenue. Relative to the Governor's allowance, the General Assembly reduced the GO bond authorization for the Rural Legacy Program by $6.3 million, which is comprised of the annual $5.0 million mandated amount and $1.3 million of the fiscal 2013

Exhibit A-2.11
Programs Traditionally Funded with Transfer Tax Revenue
Fiscal 2014
($ in Millions)

	Transfer Tax Special Funds	Other Special Funds	Federal	GO Bonds	Total
Department of Natural Resources					
Program Open Space					
State[1]	$11.2	$0.0	$4.5	$15.1	$30.8
Local[2]	11.9	0.0	0.0	17.8	29.7
Capital Development[3]	0.2	0.0	0.0	9.0	9.2
Rural Legacy Program[4]	5.4	0.0	0.0	8.1	13.5
Heritage Conservation Fund	1.0	0.0	0.0	0.0	1.0
Department of Agriculture					
Agricultural Land Preservation[5]	9.1	24.1	0.0	10.2	43.4
Total	**$38.8**	**$24.1**	**$4.5**	**$60.2**	**$127.6**

GO: general obligation

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

[1] The Program Open Space (POS) – State funding reflects $11.2 million in special funds from the transfer tax for the purchase of conservation easements and acquisition of land ($7.5 million), the Baltimore City Direct Grant ($1.5 million), additional funding for Baltimore City for the Ripken Foundation to construct athletic fields and for Stoney Run Trail improvements ($1.0 million), and operating expenses per the Budget Reconciliation and Finance Act of 2013 ($1.2 million). Of the $7.5 million for purchase of conservation easements and acquisition of land, $1.0 million is restricted for the purposes of providing a grant to the Board of Directors of Parks and People – The Foundation of Baltimore Recreation and Parks, Inc. for the construction of the Center for Parks and People at Auchentoroly Terrace at Druid Hill Park. The $4.5 million in federal funding reflects estimated revenue appropriations. The $15.1 million in general obligation bond authorization reflects replacement of transfer tax transferred to the general fund comprised of funding transferred in fiscal 2011 ($3.0 million), fiscal 2012 ($7.2 million), and fiscal 2013 ($4.9 million). There is an additional $7.9 million to replace prior year funding in fiscal 2015, and $113.2 million in GO debt pre-authorized for fiscal 2015 through 2020 to replace 2014 through 2018 transfers.

[2] The POS – Local funding reflects $11.9 million in special funds from the transfer tax for the purchase of conservation easements, acquisition of land, and development of recreational facilities. The $17.8 million in GO bond authorization reflects the replacement of transfer tax transferred to the general fund comprised of funding transferred in fiscal 2011 ($4.1 million), fiscal 2012 ($6.9 million), and fiscal 2013 ($6.8 million). There is an additional $10.9 million to replace prior year funding in fiscal 2015, and $112.6 million in GO debt pre-authorized for fiscal 2015 through 2020 to replace fiscal 2014 through 2018 transfers.

[3] The Capital Development funding reflects $0.2 million in transfer tax special funds for the Critical Maintenance Program. The $9.0 million in GO bond authorization reflects full fiscal 2014 replacement funding for the Critical

Maintenance Program ($4.5 million) and partial fiscal 2014 replacement funding for the Natural Resources Development Fund ($4.6 million). There is an additional $27.6 million in GO debt pre-authorized for the Natural Resources Development Fund and $8.0 million for the Critical Maintenance Program in fiscal 2016 through 2020 to replace fiscal 2015 through 2018 transfers.

[4] The Rural Legacy Program funding reflects $5.4 million in transfer tax special funds and $8.1 million in GO bond authorization. The $8.1 million GO bond authorization reflects the replacement of transfer tax transferred to the general fund comprised of funding transferred in fiscal 2011 ($0.6 million), fiscal 2012 ($4.6 million), and fiscal 2013 ($3.0 million). There is an additional $4.9 million to replace prior year funding in fiscal 2015, and then $46.8 million in GO debt pre-authorized for fiscal 2015 through fiscal 2020 to replace fiscal 2014 through fiscal 2018 transfers.

[5] The Agricultural Land Preservation funding reflects $9.1 million in transfer tax special funds and $24.1 million in other special funds, primarily from county funds. The GO bond authorization of $10.2 million reflects the replacement of transfer tax transferred to the general fund comprised of funding transferred in fiscal 2012 ($7.2 million), and fiscal 2013 ($3.0 million). There is an additional $6.1 million to replace prior year funding in fiscal 2015, and $85.7 million in GO debt pre-authorized for fiscal 2015 through fiscal 2020 to replace fiscal 2014 through fiscal 2018 transfers.

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replacement funding; and reduced the Maryland Agricultural Land Preservation Program authorization by $2.4 million, which is comprised of fiscal 2013 replacement funding.

Exhibit 2.12 and **Exhibit 2.13** show the overall transfer tax diversion and replacement schedule and the particular program level aspects, respectively.

Exhibit 2.12
Transfer Tax Diversions and Multi-year General Obligation Bond Replacement Plan
Fiscal 2014-2020

	2014	2015	2016	2017	2018	2019	2020	Total
Special Funds Transferred to the General Fund	$89.2	$75.1	$77.7	$82.8	$86.0	$0.0	$$0.0	$410.7
Special Funds to Programs	37.4	75.1	77.7	82.8	86.0			
GO Bond Replacement to Programs	9.0	37.3	74.8	76.4	80.2	84.4	43.0	405.1
Prior GO Bond Replacement to Programs	51.3	29.8						
Total Funding to Programs	**$97.8**	**$142.1**	**$152.4**	**$159.1**	**$166.2**			

GO: general obligation

Note: Transfer tax revenue estimates for fiscal 2019 and 2020 are unavailable to reflect estimates of program funding.

Exhibit 2.13
Transfer Tax Transfer and Replacement Schedule by Program
Fiscal 2014-2020
($ in Millions)

	Transfers	GO Bond Replacement							
	2014-2018	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
POS – State	$113.201	$0.000	$10.972	$21.467	$21.428	$22.755	$24.201	$12.378	$113.201
POS – Local	112.595	0.000	11.864	22.251	21.130	22.173	23.304	11.873	112.595
Natural Resources Development Fund	37.866	4.562	0.000	3.131	6.422	6.891	7.400	3.799	32.205
Critical Maintenance Program	12.467	4.467	0.000	1.000	2.000	2.000	2.000	1.000	12.467
Ocean City – POS Share	2.000	0.000	0.000	0.250	0.500	0.500	0.500	0.250	2.000
Rural Legacy	46.835	0.000	5.364	9.718	8.785	9.017	9.268	4.683	46.835
MALPP	85.747	0.000	9.054	16.967	16.093	16.877	17.727	9.029	85.747
Total	**$410.711**	**$9.029**	**$37.254**	**$74.784**	**$76.358**	**$80.213**	**$84.400**	**$43.012**	**$405.050**

GO: general obligation
MALPP: Maryland Agricultural Land Preservation Program
POS: Program Open Space

State Aid to Local Governments

Overview

State aid to local governments will total $7.0 billion in fiscal 2014, representing a $303.3 million, or 4.5% increase from the prior year. Direct aid will increase by $196.7 million, and State funding for retirement payments will increase by $106.6 million. Local school systems, as in prior years, will receive the largest increase in State funding. However, funding to county and municipal governments will also increase by a considerable amount in fiscal 2014. Over the last four years, State aid to local school systems has increased by $450.6 million, while funding to county and municipal governments has increased by $134.5 million. **Exhibit A-3.1** compares State aid by governmental entity in fiscal 2013 and 2014. **Exhibit A-3.2** shows the annual change in State aid over the last four years.

Exhibit A-3.1
State Aid to Local Governments
Fiscal 2013 and 2014
($ in Millions)

	2013	2014	Difference	% Difference
Public Schools	$5,085.7	$5,197.9	$112.2	2.2%
Libraries	49.7	50.2	0.5	1.0%
Community Colleges	235.1	243.3	8.1	3.4%
Health	38.1	40.0	2.0	5.3%
County/Municipal	457.8	531.7	73.9	16.1%
Subtotal – Direct Aid	**$5,866.4**	**$6,063.1**	**$196.7**	**3.4%**
Retirement Payments	809.9	916.5	106.6	13.2%
Total	**$6,676.3**	**$6,979.5**	**$303.3**	**4.5%**

Source: Department of Legislative Services

Exhibit A-3.2
Annual Change in State Aid
Fiscal 2011-2014
($ in Millions)

	2011	2012	2013	2014	Total
Public Schools	$117.8	$80.5	$140.2	$112.2	$450.6
Libraries	-0.1	0.1	0.9	0.5	1.4
Community Colleges	-2.5	6.0	4.7	8.1	16.3
Health	0.0	1.0	-0.2	2.0	2.8
County/Municipal	-16.5	5.2	71.9	73.9	134.5
Subtotal – Direct Aid	**$98.6**	**$92.9**	**$217.5**	**$196.7**	**$605.6**
Retirement Payments	96.4	-18.1	-71.8	106.6	113.1
Total	**$195.0**	**$74.8**	**$145.7**	**$303.3**	**$718.7**

Source: Department of Legislative Services

Legislative Actions

The General Assembly approved several measures during the 2013 session that affect State funding for local governments. As shown in **Exhibit A-3.3**, legislative increases in statutorily mandated State aid and budgetary enhancements to discretionary aid programs total $43.8 million. This increase is offset by a reduction in the statutory funding for Program Open Space (POS). The legislative actions and budgetary enhancements that result in the $20.0 million net increase are shown for each county in **Exhibit A-3.4.**

Exhibit A-3.3
State Aid Enhancements and Contingent Reduction
Fiscal 2014
($ in Millions)

Enhanced Public School Funding	
Net Taxable Income Allocation	$8.3
Digital Learning Innovation Fund	3.5
Foundation Program – Special Grants	2.1
Aging Schools Program	2.0
Early College Innovation Fund	2.0
Maryland Meals for Achievement – School Breakfast Program	1.8
Adult Education	1.5
Science and Mathematics Education Initiative	0.3
Subtotal	***$21.5***
Enhanced County/Municipal Government Funding	
Municipal Transportation Grants	$15.4
Disparity Grants	6.4
State's Attorney Grant	0.5
Subtotal	***$22.3***
Total Enhanced State Funding	**$43.8**
Contingent Reduction to Local Program Open Space*	**-$23.7**
Net Effect on State Funding to Local Governments	**$20.0**

*Under the Administration's budget plan, the reduction is replaced with general obligation bonds in subsequent years.

Exhibit A-3.4
State Aid Enhancements and Contingent Reduction
Fiscal 2014

County	Net Taxable Income Grant	Foundation Special Grants	School Breakfast	Other Education Aid[1]	Municipal Transportation	Disparity Grants	State's Attorney Grant	Program Open Space[2]	Total
Allegany	$311,022	$0	$26,000	$0	$778,893	$0	$0	-$264,000	$851,915
Anne Arundel	574,459	0	162,000	0	668,658	0	0	-2,858,000	-1,452,883
Baltimore City	0	0	0	0	0	0	0	-1,892,000	-1,892,000
Baltimore	0	0	106,000	2,000,000	0	0	0	-3,225,000	-1,119,000
Calvert	241,825	0	0	0	190,916	0	0	-284,000	148,741
Caroline	171,035	0	39,000	0	275,672	0	0	-125,000	360,707
Carroll	384,283	750,732	0	0	893,747	0	0	-640,000	1,388,762
Cecil	414,167	0	16,000	0	431,024	299,498	0	-330,000	830,689
Charles	863,706	0	28,000	0	255,484	0	0	-583,000	564,190
Dorchester	140,776	0	0	0	311,986	0	0	-107,000	345,762
Frederick	469,554	0	0	0	1,698,759	0	0	-673,000	1,495,313
Garrett	87,005	297,993	34,000	0	257,194	0	0	-133,000	543,192
Harford	589,164	935,788	0	0	735,327	0	0	-951,000	1,309,279
Howard	0	0	128,000	0	0	0	0	-1,706,000	-1,578,000
Kent	42,171	97,046	27,000	0	160,616	69,789	0	-80,000	316,622
Montgomery	0	0	1,111,000	0	2,457,125	0	0	-4,314,000	-745,875
Prince George's	2,532,291	0	32,000	0	3,152,843	0	500,000	-3,644,000	2,573,134
Queen Anne's	71,040	0	0	0	106,891	0	0	-174,000	3,931
St. Mary's	311,307	0	0	0	53,081	0	0	-323,000	41,388
Somerset	101,023	0	10,000	0	119,057	0	0	-77,000	153,080
Talbot	0	0	14,000	0	424,637	0	0	-182,000	256,637
Washington	648,228	0	63,000	0	1,015,695	1,545,973	0	-502,000	2,770,896
Wicomico	372,344	0	4,000	0	865,812	4,456,802	0	-335,000	5,363,958
Worcester	0	0	0	0	526,562	0	0	-325,000	201,562
Unallocated	0	0	0	7,300,000	0	0	0	-620	7,299,380
Total	**$8,325,400**	**$2,081,559**	**$1,800,000**	**$9,300,000**	**$15,379,979**	**$6,372,062**	**$500,000**	**-$23,727,620**	**$20,031,380**

Note: [1]Other Education Aid includes $3.5 million for the Digital Learning Innovation Fund; $2.0 million for the Aging Schools Program (Baltimore County); $2.0 million for the Early College Innovation Fund; $1.5 million for Adult Education; and $0.3 million for the Science and Mathematics Education Initiative. [2]Under the Administration's budget plan, the reduction is replaced with general obligation bonds in subsequent years.

Enhanced Education Aid

Under ***House Bill 229*** ***(Ch. 4)*** State education aid formulas that include a local wealth component are to be calculated twice, once using a net taxable income (NTI) amount in September and once using an NTI amount from November. Local school systems receive the greater State aid amount resulting from the two calculations. The increase is phased in over five years, beginning in fiscal 2014. Fiscal 2014 funding under the legislation totals $8.3 million. Under the fiscal 2014 budget, ***House Bill 100*** ***(passed),*** and the Budget Reconciliation and Financing Act of 2013 (BRFA), ***House Bill 102*** ***(passed)***, grants will be provided in fiscal 2014 to counties where certain direct education aid decreases by at least 1% from fiscal 2013; the grants restore 25% of the decrease in specified direct education aid for the affected counties. This provision results in increased aid for Carroll, Garrett, Harford, and Kent counties totaling $2.1 million. The operating budget provides $3.5 million and $2.0 million, respectively, to local school systems through two new programs, the Digital Learning Innovation Fund and the Early College Innovation Fund, and includes $1.8 million in enhanced funding for the Maryland Meals for Achievement School Breakfast Program, $1.5 million in enhanced funding for adult education programs, and $300,000 in enhanced funding for the Science and Mathematics Education Initiative. The capital budget, ***House Bill 101*** ***(passed)***, includes a $2.0 million enhancement to the Aging Schools Program, bringing fiscal 2014 funding to a total of $8.1 million.

Aid to County and Municipal Governments

The BRFA of 2013 includes $15.4 million in fiscal 2014 to fund transportation grants to municipal governments. This funding will be in addition to funding for municipalities through the highway user revenue (HUR) formula. The BRFA of 2013 also modifies the disparity grant formula to add a minimum grant amount based on the local tax effort of eligible counties and raises from 2.4 to 2.6% the local income tax rate required to be eligible to receive a grant. This program modification increases State aid to four counties in fiscal 2014 and increases disparity grant funding by $6.4 million over the previously required amount. The fiscal 2014 budget also adds $500,000 to the Prince George's County State's Attorney Office to prosecute violent, repeat, and chronic offenders. This enhancement results in total funding of $850,000 for this initiative. In fiscal 2014, a total of $23.7 million is transferred from the POS local share, leaving $29.7 million for fiscal 2014. Under the Administration's budget plan, all of the transferred POS local funds would be replaced with general obligation (GO) bonds in fiscal 2015 and 2016.

Changes by Program

Eighteen counties will receive increased direct State aid in fiscal 2014, while six counties will receive decreased State aid. When including State retirement payments, all jurisdictions will realize an increase in State aid in fiscal 2014. **Exhibit A-3.5** summarizes the distribution of direct aid by governmental unit and shows the estimated State retirement payments for local government employees. **Exhibit A-3.6** shows total State aid in fiscal 2013 and 2014 by program.

Exhibit A-3.5
State Assistance to Local Governments
Fiscal 2014 Legislative Appropriation
($ in Thousands)

	Direct State Aid									
County	County – Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal	Retirement	Total	Change Over FY 2013	Percent Change
Allegany	$13,051	$6,039	$76,006	$753	$977	$96,827	$11,199	$108,026	$3,609	3.5%
Anne Arundel	37,006	30,516	323,554	2,126	3,375	396,577	78,163	474,740	29,615	6.7%
Baltimore City	246,689	0	914,222	6,035	7,163	1,174,109	84,784	1,258,894	42,875	3.5%
Baltimore	22,493	39,982	579,217	5,250	4,621	651,564	110,452	762,016	43,990	6.1%
Calvert	4,122	2,369	81,102	379	399	88,371	18,311	106,682	1,747	1.7%
Caroline	4,468	1,637	46,536	268	577	53,485	5,391	58,876	2,864	5.1%
Carroll	5,185	7,996	137,692	924	1,323	153,120	26,940	180,060	2,241	1.3%
Cecil	6,497	5,705	97,506	713	866	111,288	16,210	127,498	551	0.4%
Charles	3,862	8,050	159,102	895	1,069	172,978	27,217	200,195	8,042	4.2%
Dorchester	4,113	1,345	34,945	249	461	41,113	4,501	45,614	2,683	6.2%
Frederick	7,944	9,822	228,239	1,327	1,623	248,956	39,839	288,796	12,410	4.5%
Garrett	4,141	3,552	21,290	119	470	29,572	4,588	34,160	41	0.1%
Harford	7,019	10,763	202,217	1,454	1,865	223,319	37,753	261,072	3,860	1.5%
Howard	8,265	15,837	221,557	821	1,307	247,787	68,108	315,894	14,405	4.8%
Kent	1,197	586	9,645	82	361	11,871	2,370	14,241	163	1.2%
Montgomery	29,714	44,178	608,799	2,771	3,244	688,705	184,496	873,201	48,092	5.8%
Prince George's	65,228	25,992	944,133	6,524	5,378	1,047,255	120,431	1,167,685	48,447	4.3%
Queen Anne's	1,628	1,827	33,308	135	449	37,347	7,154	44,501	1,825	4.3%
St. Mary's	2,608	2,673	94,961	601	868	101,710	16,083	117,794	2,280	2.0%
Somerset	6,500	717	27,317	270	461	35,266	3,234	38,500	4,127	12.0%
Talbot	1,923	1,621	12,398	106	353	16,402	4,349	20,751	1,742	9.2%
Washington	6,548	8,431	160,229	1,155	1,483	177,845	21,968	199,813	9,383	4.9%
Wicomico	12,077	4,966	124,175	911	1,018	143,147	14,433	157,579	11,711	8.0%
Worcester	5,297	1,981	19,390	144	338	27,150	8,492	35,643	2,566	7.8%
Unallocated	24,092	6,665	40,356	16,197	0	87,310	0	87,310	3,985	4.8%
Total	**$531,668**	**$243,250**	**$5,197,897**	**$50,211**	**$40,049**	**$6,063,075**	**$916,466**	**$6,979,540**	**$303,251**	**4.5%**

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit A-3.5 (Cont.)
State Assistance to Local Governments
Fiscal 2013 Working Appropriation
($ in Thousands)

	Direct State Aid							
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	$10,853	$6,006	$75,952	$767	$928	$94,506	$9,911	$104,417
Anne Arundel	26,764	29,753	314,518	2,114	3,207	376,355	68,770	445,125
Baltimore City	238,401	0	891,310	6,034	6,809	1,142,554	73,464	1,216,019
Baltimore	16,413	37,638	558,906	5,256	4,391	622,604	95,423	718,026
Calvert	3,376	2,226	82,209	367	378	88,556	16,379	104,935
Caroline	3,958	1,519	44,980	268	549	51,273	4,739	56,012
Carroll	3,201	7,638	141,088	941	1,257	154,125	23,694	177,819
Cecil	7,136	5,423	98,420	703	823	112,505	14,442	126,947
Charles	2,644	7,377	157,031	861	1,016	168,929	23,224	192,153
Dorchester	3,556	1,310	33,492	249	438	39,045	3,886	42,931
Frederick	4,771	9,181	224,928	1,298	1,543	241,721	34,665	276,386
Garrett	3,676	3,421	22,347	119	446	30,010	4,109	34,119
Harford	4,507	10,610	205,597	1,487	1,773	223,972	33,240	257,212
Howard	5,634	14,441	221,219	812	1,241	243,347	58,142	301,489
Kent	841	602	10,046	85	343	11,916	2,162	14,078
Montgomery	18,369	43,527	595,145	2,721	3,079	662,842	162,268	825,110
Prince George’s	56,075	23,644	913,326	6,289	5,110	1,004,445	114,794	1,119,239
Queen Anne’s	1,206	1,674	32,761	134	426	36,201	6,476	42,677
St. Mary’s	1,921	2,506	95,243	590	825	101,085	14,429	115,514
Somerset	6,224	726	23,907	263	438	31,558	2,815	34,373
Talbot	1,176	1,459	12,120	106	336	15,196	3,814	19,010
Washington	3,026	8,065	158,050	1,158	1,409	171,709	18,721	190,430
Wicomico	6,034	4,862	120,267	897	967	133,027	12,841	145,869
Worcester	4,064	1,940	19,111	144	320	25,579	7,497	33,076
Unallocated	23,946	9,601	33,718	16,059	0	83,325	0	83,325
Total	**$457,771**	**$235,148**	**$5,085,691**	**$49,724**	**$38,051**	**$5,866,384**	**$809,906**	**$6,676,290**

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit A-3.5 (Cont.)

State Assistance to Local Governments

Dollar Difference Between Fiscal 2014 Legislative Appropriation and Fiscal 2013 Working Appropriation

($ in Thousands)

	Direct State Aid							
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	$2,198	$33	$55	-$14	$49	$2,321	$1,288	$3,609
Anne Arundel	10,242	763	9,037	12	168	20,222	9,393	29,615
Baltimore City	8,288	0	22,912	0	354	31,555	11,320	42,875
Baltimore	6,080	2,344	20,312	-5	230	28,960	15,029	43,990
Calvert	746	144	-1,107	12	21	-185	1,932	1,747
Caroline	510	118	1,556	0	28	2,212	652	2,864
Carroll	1,984	359	-3,396	-18	66	-1,005	3,245	2,241
Cecil	-639	282	-914	11	43	-1,217	1,768	551
Charles	1,217	673	2,071	33	54	4,049	3,993	8,042
Dorchester	558	35	1,453	-1	23	2,068	615	2,683
Frederick	3,173	641	3,312	29	81	7,236	5,174	12,410
Garrett	466	131	-1,057	0	23	-437	478	41
Harford	2,513	154	-3,380	-33	93	-654	4,514	3,860
Howard	2,631	1,397	338	9	66	4,440	9,965	14,405
Kent	356	-16	-401	-2	18	-45	208	163
Montgomery	11,345	651	13,653	50	164	25,864	22,228	48,092
Prince George's	9,153	2,348	30,806	235	268	42,810	5,637	48,447
Queen Anne's	422	153	547	2	22	1,146	678	1,825
St. Mary's	687	166	-281	10	43	625	1,654	2,280
Somerset	277	-9	3,410	7	23	3,707	419	4,127
Talbot	748	162	277	1	18	1,206	536	1,742
Washington	3,521	366	2,180	-3	74	6,137	3,247	9,383
Wicomico	6,042	104	3,908	14	51	10,119	1,591	11,711
Worcester	1,233	42	279	0	18	1,571	995	2,566
Unallocated	146	-2,936	6,638	138	0	3,985	0	3,985
Total	**$73,898**	**$8,102**	**$112,206**	**$487**	**$1,998**	**$196,691**	**$106,560**	**$303,251**

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit A-3.5 (Cont.)

State Assistance to Local Governments

Percent Change: Fiscal 2014 Legislative Appropriation over Fiscal 2013 Working Appropriation
($ in Thousands)

	Direct State Aid							
County	**County – Municipal**	**Community Colleges**	**Public Schools**	**Libraries**	**Health**	**Subtotal**	**Retirement**	**Total**
Allegany	20.3%	0.6%	0.1%	-1.8%	5.3%	2.5%	13.0%	3.5%
Anne Arundel	38.3%	2.6%	2.9%	0.6%	5.2%	5.4%	13.7%	6.7%
Baltimore City	3.5%	n/a	2.6%	0.0%	5.2%	2.8%	15.4%	3.5%
Baltimore	37.0%	6.2%	3.6%	-0.1%	5.2%	4.7%	15.8%	6.1%
Calvert	22.1%	6.5%	-1.3%	3.1%	5.5%	-0.2%	11.8%	1.7%
Caroline	12.9%	7.7%	3.5%	-0.1%	5.2%	4.3%	13.7%	5.1%
Carroll	62.0%	4.7%	-2.4%	-1.9%	5.2%	-0.7%	13.7%	1.3%
Cecil	-8.9%	5.2%	-0.9%	1.6%	5.3%	-1.1%	12.2%	0.4%
Charles	46.0%	9.1%	1.3%	3.9%	5.3%	2.4%	17.2%	4.2%
Dorchester	15.7%	2.7%	4.3%	-0.2%	5.3%	5.3%	15.8%	6.2%
Frederick	66.5%	7.0%	1.5%	2.3%	5.2%	3.0%	14.9%	4.5%
Garrett	12.7%	3.8%	-4.7%	-0.4%	5.2%	-1.5%	11.6%	0.1%
Harford	55.8%	1.4%	-1.6%	-2.2%	5.2%	-0.3%	13.6%	1.5%
Howard	46.7%	9.7%	0.2%	1.1%	5.3%	1.8%	17.1%	4.8%
Kent	42.3%	-2.6%	-4.0%	-2.7%	5.2%	-0.4%	9.6%	1.2%
Montgomery	61.8%	1.5%	2.3%	1.9%	5.3%	3.9%	13.7%	5.8%
Prince George’s	16.3%	9.9%	3.4%	3.7%	5.2%	4.3%	4.9%	4.3%
Queen Anne’s	35.0%	9.1%	1.7%	1.2%	5.2%	3.2%	10.5%	4.3%
St. Mary’s	35.7%	6.6%	-0.3%	1.8%	5.2%	0.6%	11.5%	2.0%
Somerset	4.4%	-1.2%	14.3%	2.6%	5.2%	11.7%	14.9%	12.0%
Talbot	63.6%	11.1%	2.3%	0.6%	5.3%	7.9%	14.0%	9.2%
Washington	116.4%	4.5%	1.4%	-0.3%	5.2%	3.6%	17.3%	4.9%
Wicomico	100.1%	2.1%	3.2%	1.6%	5.2%	7.6%	12.4%	8.0%
Worcester	30.3%	2.1%	1.5%	0.1%	5.6%	6.1%	13.3%	7.8%
Unallocated	0.6%	-30.6%	19.7%	0.9%	n/a	4.8%	n/a	4.8%
Total	**16.1%**	**3.4%**	**2.2%**	**1.0%**	**5.3%**	**3.4%**	**13.2%**	**4.5%**

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit A-3.6
Total State Assistance to Local Governments

Program	FY 2013	FY 2014	Difference
Foundation Aid	$2,810,405,122	$2,850,478,884	$40,073,762
Supplemental Program	46,496,416	46,620,083	123,667
Geographic Cost of Education Index	128,752,660	130,789,740	2,037,080
Net Taxable Income Education Grant	0	8,325,400	8,325,400
Foundation – Special Grants	1,161,009	2,081,559	920,550
Compensatory Education	1,146,261,309	1,195,984,922	49,723,613
Student Transportation – Regular	228,064,845	229,811,492	1,746,647
Student Transportation – Special Education	23,264,000	24,717,000	1,453,000
Special Education – Formula	266,494,716	269,309,239	2,814,523
Special Education – Nonpublic Placements	113,897,886	109,819,452	-4,078,434
Special Education – Infants and Toddlers	10,389,104	10,389,104	0
Limited English Proficiency Grants	177,405,509	193,427,735	16,022,226
Guaranteed Tax Base	44,205,671	52,317,464	8,111,793
Aging Schools	31,108,999	8,109,000	-22,999,999
Teacher Quality Incentives	5,294,000	5,294,000	0
Adult Education	6,933,622	8,433,622	1,500,000
Food Service	7,716,664	9,516,664	1,800,000
Out-of-county Foster Placements	5,410,989	3,843,425	-1,567,564
Head Start	1,800,000	1,800,000	0
SEED School	9,700,000	10,100,000	400,000
Judy Hoyer Centers	10,575,000	10,575,000	0
Other Programs	10,353,112	16,153,022	5,799,910
Total Primary and Secondary Education	**$5,085,690,633**	**$5,197,896,807**	**$112,206,174**
Library Formula	$33,664,772	$34,014,134	$349,362
Library Network	16,058,820	16,196,779	137,959
Total Libraries	**$49,723,592**	**$50,210,913**	**$487,321**
Community College Formula	$199,176,115	$212,967,163	$13,791,048
Grants for ESOL Programs	5,397,957	5,278,022	-119,935
Optional Retirement	17,104,001	14,260,987	-2,843,014
Small College Grants	3,269,010	3,479,435	210,425
Other Community College Aid	10,201,040	7,264,563	-2,936,477
Total Community Colleges	**$235,148,123**	**$243,250,170**	**$8,102,047**

Program	FY 2013	FY 2014	Difference
Highway User Revenue	$160,421,100	$167,533,632	$7,112,532
Elderly and Handicapped Transportation Aid	4,305,938	4,305,938	0
Paratransit	2,926,702	2,926,702	0
Municipal Transportation Grant	0	15,379,979	15,379,979
Total Transportation	**$167,653,740**	**$190,146,251**	**$22,492,511**
Police Aid	$45,420,982	$67,318,326	$21,897,344
Fire and Rescue Aid	10,000,000	10,000,000	0
Vehicle Theft Prevention	1,680,092	1,869,160	189,068
9-1-1 Grants	14,400,000	14,400,000	0
Community Policing	1,974,000	1,974,000	0
Foot Patrol/Drug Enforcement Grants	4,228,210	4,228,210	0
Law Enforcement Training Grants	50,000	50,000	0
Stop Gun Violence Grants	928,478	928,478	0
Violent Crime Grants	4,750,714	4,750,714	0
State's Attorney Grants	2,809,195	3,309,195	500,000
Domestic Violence Grants	196,354	196,354	0
War Room/Sex Offender Grants	1,445,313	1,445,313	0
Safe Streets Program	2,830,158	2,830,158	0
School Vehicle Safety Grant	550,000	550,000	0
Body Armor	49,088	49,088	0
Total Public Safety	**$91,312,584**	**$113,898,996**	**$22,586,412**
Program Open Space	$17,074,000	$32,208,380	$15,134,380
Critical Area Grants	263,900	243,900	-20,000
Total Recreation/Environment	**$17,337,900**	**$32,452,280**	**$15,114,380**
Local Health Formula	**$38,050,787**	**$40,048,624**	**$1,997,837**
Disparity Grant	**$119,926,717**	**$127,808,075**	**$7,881,358**
Horse Racing Impact Aid	$0	$1,251,800	$1,251,800
Payments in Lieu of Taxes	1,103,550	1,123,928	20,378
Video Lottery Terminal Impact Aid	28,854,100	33,374,757	4,520,657
Instant Bingo	1,654,111	1,706,721	52,610
Senior Citizens Activities Center	500,000	500,000	0

Program	FY 2013	FY 2014	Difference
Statewide Voting Systems	1,769,317	1,746,935	-22,382
Teacher Retirement Supplemental Grant	27,658,661	27,658,661	0
Total Other Direct Aid	**$61,539,739**	**$67,362,802**	**$5,823,063**
Total Direct Aid	**$5,866,383,815**	**$6,063,074,918**	**$196,691,103**
Retirement – Teachers	$755,389,360	$852,825,475	$97,436,115
Retirement – Libraries	17,344,407	20,311,483	2,967,076
Retirement – Community Colleges	37,172,077	43,328,547	6,156,470
Total Payments-in-behalf	**$809,905,844**	**$916,465,505**	**$106,559,661**
Total State Assistance	**$6,676,289,659**	**$6,979,540,423**	**$303,250,764**

ESOL: English for Speakers of Other Languages

Primary and Secondary Education

Foundation Program: The foundation program is the basic State education funding mechanism for public schools which ensures a minimum per pupil funding level and requires county governments to provide a local match. The formula is calculated based on a per pupil foundation amount and student enrollment. The per pupil foundation amount for fiscal 2014 is set at $6,829. This represents a 1% increase over fiscal 2013, consistent with the 1% cap on the annual growth in the per pupil foundation amount for fiscal 2013 through 2015 established by the BRFA of 2010. The student enrollment count used for the program totals 827,999 students. Enrollment for the formula is based on the September 30, 2012, full-time equivalent student enrollment count. Less affluent local school systems, as measured by assessable base and net taxable income, receive relatively more aid per pupil than wealthier school systems. The State provides funding for roughly 50% of the program's cost.

State aid under the foundation program will total $2.9 billion in fiscal 2014, a $40.1 million, or 1.4%, increase from the prior year. In addition, $46.6 million in supplemental grants will be provided to nine local school systems. The supplemental grants were established during the 2007 special session to guarantee increases of at least 1% in State education aid for all local school systems during the two years, fiscal 2009 and 2010, that inflationary increases for the per pupil foundation amount were eliminated. Supplemental grants continued at fiscal 2010 levels in fiscal 2011, less a $4.7 million reduction that recaptured overpayments to eight local school systems due to a miscalculation in school system wealth bases in fiscal 2009.

Net Taxable Income and Special Grants: Under ***House Bill 229*** ***(Ch. 4)*** State education aid formulas that include a local wealth component are to be calculated twice, once using an NTI amount for each county based on tax returns filed by September 1 and once using an NTI amount based on tax returns filed by November 1. Each local school system then receives the greater State aid amount of the results from the two calculations. The increase in State aid is phased in over a five-year period, beginning in fiscal 2014. Fiscal 2014 funding under the legislation totals $8.3 million.

The BRFA of 2011 (Chapter 397) limited decreases in direct education aid to 6.5% from fiscal 2011 to 2012, resulting in a $779,300 grant to Allegany County and a $640,600 grant to Garrett County for fiscal 2012. The BRFA of 2012 (Chapter 1 of the First Special Session) provided an education grant of approximately $1.2 million to Garrett County in fiscal 2013 by limiting the annual decrease in specified education aid to 5.0%. The BRFA of 2013 provides special grants to counties where certain direct education aid decreased by at least 1%; the grants restore 25% of the decrease in aid for affected counties. Carroll, Garrett, Harford, and Kent counties share in the $2.1 million in additional State aid.

Geographic Cost of Education Index: This discretionary formula provides additional State funds to local school systems where costs for educational resources are higher than the State average. Funding for the geographic cost of education index (GCEI) formula was provided in fiscal 2009 for the first time. Under ***Senate Bill 958***/***House Bill 1474*** ***(failed)*** funding through the program would have become mandatory rather than discretionary. Thirteen local school systems receive a total of $130.8 million in fiscal 2014 from the GCEI formula.

Compensatory Education: The compensatory education program provides additional funding based on the number of economically disadvantaged students. The formula recognizes disparities in local wealth by adjusting the grants per eligible student by local wealth. The formula is calculated based on 97% of the annual per pupil amount used in the foundation program and the number of students eligible for free and reduced price meals. The State provides funding for 50% of the program's cost. State aid under the compensatory education program will total $1.2 billion in fiscal 2014, representing a $49.7 million, or 4.3%, increase over the prior year due to a 3.1% increase in the student enrollment count and a 1.0% increase in per pupil funding. The per pupil State funding amount for fiscal 2014 is set at $3,312, and the student enrollment count used for the program totals 346,498.

Special Education: State aid for special education recognizes the additional costs associated with providing programs for students with disabilities. Most special education students receive services in the public schools; however, if an appropriate program is not available in the public schools, students may be placed in a private school offering more specialized services. The State and local school systems share the costs of these nonpublic placements.

The special education formula is calculated based on 74.0% of the annual per pupil foundation amount and the number of special education students from the prior fiscal year, with the State providing funding for 50.0% of the program's cost. The per pupil State funding amount for fiscal 2014 is set at $2,527, and the student enrollment count used for the program totals 102,585. State funding for public special education programs will total $269.3 million in fiscal 2014, representing a $2.8 million, or a 1.1% increase over the prior year. Funding for nonpublic placements totals $109.8 million in fiscal 2014, a decrease of $4.1 million. A local school system pays its respective local share of the basic cost of education for each nonpublic placement plus two times the total basic cost of education in the system, as well as 30.0% of any expense above that sum. The State pays 70.0% of the costs above the base local funding.

Student Transportation: The State provides grants to assist local school systems with the cost of transporting students to and from school. The grants consist of three components: regular student ridership funds; special education student ridership funds; and additional enrollment funds. The regular student ridership funds are based on the local school system's grant in the previous year increased by inflation when applicable. Local school systems with enrollment increases receive additional funds. The special education student ridership funds are based on a $1,000 per student grant for transporting disabled students. The fiscal 2014 State budget includes $229.8 million for regular transportation services and $24.7 million for special transportation services. This represents a $3.2 million, or 1.3%, increase from the prior year.

Limited English Proficiency: The State provides grants based on non- and limited-English proficient (LEP) students using a definition consistent with federal guidelines. The LEP formula is based on 99% of the annual per pupil foundation amount, with the State providing funding for 50% of the program's cost. The fiscal 2014 grant per LEP student is $3,380. State funding for the program will total $193.4 million in fiscal 2014, representing a $16.0 million, or 9%, increase over the prior year. The number of LEP students in Maryland totals 55,371 for the 2012-2013 school year.

Guaranteed Tax Base Program: The Bridge to Excellence in Public Schools Act included an add-on grant for jurisdictions with less than 80% of statewide per pupil wealth that contributed more than the minimum required local share under the foundation program in the prior year. The grant is based on local support for education relative to local wealth. The grant cannot exceed 20% of the per pupil foundation amount. Nine local school systems will qualify for grants totaling $52.3 million in fiscal 2014.

Aging Schools Program: The Aging Schools Program provides State funding to local school systems for improvements, repairs, and deferred maintenance of public school buildings. These repairs are generally not covered by the capital school construction program and are necessary to maintain older public schools. The BRFA of 2011 authorized mandated funding to be provided in the operating or capital budget. The statutorily required funding level is $6.1 million. In fiscal 2013, the program received an additional $25.0 million. State funding for the Aging Schools Program will total $8.1 million in fiscal 2014, which includes $2.0 million added to the capital budget for Baltimore County Public Schools.

Judy Hoyer and Head Start Programs: These programs provide financial support for the establishment of centers that provide full-day, comprehensive, early education programs, and family support services that will assist in preparing children to enter school ready to learn. The programs also provide funding to support childhood educators, and statewide implementation of an early childhood assessment system. The fiscal 2014 State budget includes $7.6 million for Judy Center grants, $3.0 million for school readiness and program accreditation, and $1.8 million for Head Start programs.

Teacher Quality Incentives: The State provides salary enhancements for teachers obtaining national certification and a stipend for teachers and other nonadministrative certificated school employees working in low-performing schools. The fiscal 2014 State budget includes $4.2 million for teacher quality incentives and $96,000 for the Governor's Teacher Excellence Award Program which distributes awards to teachers for outstanding performance. ***Senate Bill 926*** ***(passed)*** repealed the June 30, 2013 termination date of the State and Local Aid Program for Certification by the National Board for Professional Teaching Standards. The fiscal 2014 budget includes $1.1 million for national board certification grants.

Food and Nutrition Services: In addition to federal funds provided under the School Lunch Act of 1946, the State provides matching funds to support food and nutrition programs for low-income children. The programs provide free and reduced price breakfasts, lunches, and snacks to public or private nonprofit school students. All public schools in the State are required to provide subsidized or free nutrition programs for eligible students. The fiscal 2014 State budget includes $9.5 million for food and nutrition services, including a $1.8 million increase for Maryland Meals for Achievement to provide breakfast to approximately 57,000 additional students.

Infants and Toddlers Program: This program involves a statewide community-based interagency system of comprehensive early intervention services for eligible children who are less than three years old. Eligible children include those who have developmental delays or disabilities. State funding for infants and toddlers programs will total $10.4 million in fiscal 2014, the same annual amount that has been provided since fiscal 2009.

Adult Education: The State provides funding for adult education services, including classes on basic skills in reading, writing, and math, or learning to speak and understand the English language. Grants also assist adults to prepare to earn a high school diploma through the general education development tests or the National External Diploma Program. The State budget includes $8.4 million for adult education programs in fiscal 2014, an increase of $1.5 million over the prior year.

School-based Health Centers: The fiscal 2014 State budget includes $2.6 million for school-based health centers, which provide primary medical care as well as social, mental health, and health education services for students and their families. This amount reflects level funding with fiscal 2012 and 2013.

Healthy Families/Home Visits Program: The Healthy Families program aims to promote positive parenting to enhance child health and development through prenatal through early childhood home visits. The program had been funded with federal Temporary Assistance for Needy Families funds; however, beginning in fiscal 2012, general funds are used. Fiscal 2014 funding remains level at $4.6 million.

Science and Mathematics Education Initiative: This program includes summer sessions for teachers and an equipment incentive fund to strengthen science and math education. The State budget includes $2.5 million for this initiative in fiscal 2014, an increase of $300,000.

Digital Learning Innovation Fund: This new fund will support competitive grants to local school systems to create digital learning environments involving multimedia assets for students and teachers. In addition, the program will provide funding for differentiated instruction, differentiated assignments and materials for students advancing at different paces, training and support to educators and students, and offering more current information than traditional textbooks on an ongoing basis. Fiscal 2014 funding totals $3.5 million.

Early College Innovation Fund: This new fund will support an expansion of early college access programs that provide accelerated pathways for students seeking career and technical education or training in science, technology, engineering, and math disciplines. The Maryland State Department of Education will make competitive grants to partnerships of local school systems and higher education institutions that are formed to create early college high schools and other forms of early college access. Funds are intended as bridge funding to assist in the start-up costs associated with creating new early college programs. Fiscal 2014 State funding totals $2 million.

Teachers' Retirement Payments: The BRFA of 2011 reduced costs for teachers' retirement in fiscal 2012 through the restructuring of the State's pension system. It also required local boards of education to pay a share of the administrative costs for the State Retirement Agency. The BRFA of 2012 phased in school board payments of the annual normal cost over four years (with increased county maintenance of effort requirements equal to the required payments). After fiscal 2016, each school board is responsible for paying the actual normal costs associated with its employees. Fiscal 2014 State funding totals $852.8 million, an increase of $97.4 million or 12.9% over the prior year.

Local Libraries

Minimum Per Capita Library Program: The State provides assistance to public libraries through a formula that determines the State and local shares of a minimum per capita library program. The minimum library program is specified in statute. Overall, the State provides 40% of the minimum program, and the counties provide 60%. The State/local share of the minimum program varies by county depending on local wealth. Chapter 481 of 2005 started a phase-in of enhancements for the library aid formula, increasing the per-resident allocation by $1 per year from $12 per resident in fiscal 2006 to $16 per resident by fiscal 2010. However, budget reconciliation legislation enacted between 2007 and 2011 slowed enhancements and reduced the target per resident amount to $14 from $16. The per-resident amount for fiscal 2012 through 2016 is $14, phasing up to $15 by fiscal 2019 and in subsequent years. Fiscal 2014 funding totals $34 million, a $349,400 increase from the prior year.

State Library Network: The State provides funds to libraries designated as resource centers including the State Library Resource Center in Baltimore City, the Eastern Resource Center in Salisbury, the Southern Resource Center in Charlotte Hall, and the Western Resource Center in Hagerstown. State funding for the State Library Resource Center had been steady at $1.85 per Maryland resident, but Chapter 487 of 2009 reduced the amount to $1.67 per resident in fiscal 2010 and 2011. The BRFA of 2011 held funding at $1.67 per resident for fiscal 2012 through 2016, before a phase in to $1.85 in 2019 and in subsequent years. The BRFA of 2011 also set funding for regional resource centers at $6.75 per resident of each region for fiscal 2012 through 2016, before phasing up to $7.50 per resident in 2019 and in subsequent years. Fiscal 2014 funding totals $16.2 million, a $138,000 increase from the prior year.

Retirement Payments: The BRFA of 2011 reduced costs for librarians' retirement by $308,500 in fiscal 2012 through the restructuring of the State's pension system. State support for librarians' retirement increased by $1.4 million in fiscal 2013 and increases by $3.0 million in fiscal 2014, resulting in a total of $20.3 million.

Community Colleges

Senator John A. Cade Formula Funding: The Cade funding formula is based on several factors including the amount of State funding per student received by selected public four-year institutions and enrollment. There is also a hold harmless provision to ensure that no community college receives less funding than the prior year. Cade formula funding will increase by $13.8 million to $213.0 million in fiscal 2014.

Special Programs: State funding in fiscal 2014 will total $3.5 million for the small college grants and $0.6 million for the Allegany/Garrett counties unrestricted grants. Funding for statewide and regional programs will total $6.7 million. The English as a Second Language program will receive $5.3 million.

Retirement Payments: The State helps to fund the retirement plans of community college faculty. The State pays for the employee benefits while, effective in fiscal 2102 community colleges pay for the administrative costs of the State Retirement Agency. State support in fiscal 2014 totals $43.3 million, an increase of $6.2 million or 16.6%. In addition, State funding for the optional retirement program will total $14.3 million in fiscal 2014, representing a $2.8 million, or 16.6%, decrease.

Local Health Departments

The State provides funds to support the delivery of public health services in each of Maryland's 24 jurisdictions. These services include child health, communicable disease prevention, maternal health, family planning, environmental health, and administration of the departments. Due to declining State revenues, the fiscal 2010 appropriation for grants to local health departments was reduced from $57.4 million to $37.3 million by the Board of Public Works (BPW) in August 2009. The BRFA of 2010 maintained the base appropriation for the targeted local health formula for fiscal 2011 and 2012 at $37.3 million and provided for inflationary increases to the program in fiscal 2013. The fiscal 2014 budget includes $40.0 million, or $2.0 million above the prior year amount.

County and Municipal Governments

Highway User Revenues: The State shares various transportation revenues, commonly referred to as highway user revenues (HUR), with the counties and municipalities. Under the BRFA of 2011, HUR local aid was distributed as follows in fiscal 2012: 7.5% to Baltimore City, 0.8% to counties, and 0.6% to municipalities. In fiscal 2013, 8.1% was distributed to Baltimore City, 1.5% was distributed to counties; and 0.4% was distributed to municipalities. In fiscal 2014, $134.4 million (7.7%) is distributed to Baltimore City; $26.2 million (1.5%) is distributed to counties; and $7.0 million (0.4%) is distributed to municipalities, for a total of $167.5 million. This represents an increase of $7.1 million, or 4.4% from the prior year. Allocations to counties and municipalities are based on the percentage of road miles and of vehicle registrations within each local jurisdiction.

Other Transportation Aid: The BRFA of 2013 includes $15.4 million in fiscal 2014 to fund grants to municipal governments. Grants will be allocated in a manner consistent with the HUR formula. State funding for elderly/disabled transportation grants will total $4.3 million in fiscal 2014, while State funding for paratransit grants will total $2.9 million.

Police Aid Formula: Maryland's counties and municipalities receive grants for police protection through the police aid formula. The police aid formula allocates funds on a per capita basis, and jurisdictions with a higher population density receive greater per capita grants. Municipalities receive additional grants based on the number of sworn officers. The Maryland State Police recovers 30% of the State crime laboratories costs relating to evidence-testing services from each county's formula allocation. Due to declining State revenues, the fiscal 2010 appropriation for police aid was reduced from $66.0 million to $45.4 million by BPW in August 2009. The BRFA of 2010 limits the amount a local government may receive through the police aid formula in both fiscal 2011 and 2012 to the amount the jurisdiction receives in fiscal 2010. In fiscal 2013, police aid remained at the $45.4 million level. State funding for the police aid formula in fiscal 2014 is restored to the full funding level with grants totaling $67.3 million. This represents a $21.9 million, or 48.2%, increase over the prior year.

Public Safety Grants: State funding for targeted public safety grants will total $14.2 million in fiscal 2014. These grants include violent crime grants for Baltimore City and Prince George's County; police foot patrol and community policing grants for Baltimore City; a drug enforcement grant for Prince George's County; S.T.O.P. gun violence grants; school bus traffic enforcement grants; domestic violence grants; law enforcement and correctional officers training grants; Baltimore City war room, sex offender and compliance enforcement; and the body armor grants. Also, $2.5 million is provided in fiscal 2014 to the Baltimore City State's Attorney Office to assist in the prosecution of gun offenses and repeat violent offenders, and $850,000 will be provided to the Prince George's County State's Attorney Office to prosecute violent, repeat and chronic offenders. Also, Safe Streets program funding totals $2.8 million.

Vehicle Theft Prevention Program: This program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for vehicle theft prevention, deterrence, and educational programs. Funds are used to enhance the prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund, a nonlapsing dedicated fund that receives up to $2.0 million a year from penalties collected for lapsed or terminated insurance coverage. Additional funds are received from inspection fees collected for salvaged vehicle verification. State funding for this program will total $1.9 million in fiscal 2014.

Fire, Rescue and Ambulance Services: The State provides formula grants through the Senator William H. Amoss Fire, Rescue, and Ambulance Fund to the counties; Baltimore City; and qualifying municipalities for local and volunteer fire, rescue, and ambulance services. The grants are for equipment and renovation projects, not operating costs. To be eligible for State grants, a county must maintain a level of local spending for fire protection services equal to the average expenditure for the three preceding fiscal years. The program is funded through the Maryland Emergency Medical System Operations Fund (MEMSOF). The grant level is set at $10.0 million in fiscal 2014. ***House Bill 1515*** ***(passed)*** increases the annual vehicle registration fee surcharge from $13.50 to $17.00, with the additional fees credited to MEMSOF. Revenues from the surcharge increase may in part be used to support increased appropriations to the Amoss Fund. The legislation specifies legislative intent that the annual appropriation to the fund increase to $11.7 million in fiscal 2015, $13.3 million in fiscal 2016, and $15.0 million in fiscal 2017.

9-1-1 Emergency Systems Grants: The State imposes a 25-cent fee per month on telephone subscribers that is deposited into a trust fund that provides reimbursements to counties for improvements and enhancements to their 9-1-1 systems. Counties may only use the trust fund money to supplement their spending, not to supplant it. State funding to local 9-1-1 emergency systems will total $14.4 million in fiscal 2014. ***Senate Bill 745*** ***(passed)*** establishes that the surcharge on wireless telecommunication services applies to prepaid service and establishes the amount of the prepaid wireless E 9-1-1 fee at 60 cents per each retail transaction. Under the legislation, prepaid wireless E 9-1-1 fees are paid into the 9-1-1 Trust Fund and used for specified purposes. Additional grant revenue to local governments from the 9-1-1 Trust Fund is estimated to total $1.5 million in fiscal 2014, $3.0 million in fiscal 2015 (the first full year), and nearly $3.2 million by fiscal 2018 – representing an annual growth rate of about 2%.

Program Open Space: POS was established in 1969 to expedite the acquisition of outdoor recreation and open space, before property cost and development made it impossible, and to accelerate the development of outdoor recreation facilities. In fiscal 2014, a total of $23.7 million is transferred from the POS local share, leaving $29.7 million for fiscal 2014. Under the Administration's budget plan, all of the transferred local funds would be replaced with GO bonds in fiscal 2015 and 2016. In addition, Baltimore City will continue to receive a special grant totaling $2.5 million in fiscal 2014.

Horse Racing Impact Aid: Horse racing impact aid consists of grants to counties and municipalities that contain or are located close to thoroughbred tracks. Grant funding is derived in part from the collection of the tax on horse race wagering. The amounts granted to each jurisdiction are mandated by statute and are largely based on the number of racing days held each year. In the past few years, and in the current year, revenues have been insufficient to fulfill the expected allocation to each jurisdiction and to the other mandated uses. The BRFA of 2013 requires the Comptroller, in any fiscal year that revenues to the horse racing special fund are not sufficient to fully fund local impact aid, to proportionately reduce the amount of grants required to be paid. The fiscal 2014 budget includes $1.3 million for horse racing impact aid; however, it is anticipated that available funds will result in a proportional reduction of the grants to approximately $563,000.

Video Lottery Terminal Local Impact Grants: From the proceeds generated by video lottery terminals (VLT) at video lottery facilities in the State, 5.5% is distributed to local governments in which a video lottery facility is operating. Of this amount, 18.0% would go for 20 years (starting in fiscal 2012 and ending in fiscal 2032) to Baltimore City through the Pimlico Community Development Authority and to Prince George's County for the community surrounding Rosecroft ($1.0 million annually), except that the 18.0% dedication does not apply to Allegany, Cecil, and Worcester county facilities upon issuance of the Baltimore City license. Upon issuance of a Prince George's County license, 5.0% of table game revenues will be distributed to local jurisdictions where a video lottery facility is located. VLT local impact grants total $33.4 million in fiscal 2014, an increase of $4.5 million or 15.7%

Disparity Grants: Disparity grants address the differences in the abilities of counties to raise revenues from the local income tax, which is the third largest revenue source for counties after State aid and property taxes. Through fiscal 2011, counties with per capita local income tax revenues less than 75% of the State's average received grants. Aid received by a county equaled the dollar amount necessary to raise the county's per capita income tax revenues to 75% of the State average. The BRFA of 2009 included a provision, beginning in fiscal 2011, that capped each county's funding under the program at the fiscal 2010 level. Consequently, counties not receiving a grant in fiscal 2010 could not receive funding in subsequent years. The BRFA of 2013, ***House Bill 102*** ***(passed)***, modifies the formula to add a minimum grant amount based on local tax effort of eligible counties and raises from 2.4 to 2.6% the local income tax rate required to be eligible to receive a grant. This modification increases State aid to four counties (Cecil, Kent, Washington, and Wicomico) in fiscal 2014 and increases disparity grant funding by $6.4 million over the previously required amount. The minimum grant enables eligible counties not receiving funding in fiscal 2010 to receive funding in fiscal 2014 and subsequent years if they satisfy the tax effort requirement. Disparity grant funding totals $127.8 million in fiscal 2014.

Teacher Retirement Supplemental Grants: The BRFA of 2012 established this grant program, beginning in fiscal 2013. Grants totaling $27.7 million will be distributed to nine counties (including Baltimore City) in fiscal 2014 to help offset the impact of sharing teachers' retirement costs with the counties. This funding amount is level with fiscal 2013 and includes $3.1 million that had been designated for the Baltimore City miscellaneous grant which was permanently repealed by the BRFA of 2012.

State Aid

County Level Detail

This section includes information for each county on State aid, State funding of selected services, and capital projects in the county. The three parts included under each county are described below.

Direct Aid and Retirement Payments

Direct Aid: The State distributes aid or shares revenue with the counties, municipalities, and Baltimore City through over 40 different programs. The fiscal 2014 State budget includes $7 billion to fund these programs. Part A, Section 1 of each county's statistical tables compares aid distributed to the county in fiscal 2013 and 2014.

Retirement Payments: County teachers, librarians, and community college faculty are members of either the teachers' retirement or pension systems maintained and operated by the State. The State pays the employer share of the retirement costs on behalf of the counties for these local employees. These payments total $916.5 million in fiscal 2014. Although these funds are not paid to the local governments, each county's allocation is estimated from salary information collected by the State retirement systems. These estimates are presented in Part A, Section 2 of each county.

Estimated State Spending on Health and Social Services

The State funds the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. Part B of each county shows fiscal 2014 allocation estimates of general and special fund appropriations for health services, social services, and senior citizen services.

Health Services: The Department of Health and Mental Hygiene, through its various administrations, funds in whole or part community health programs that are provided in the local subdivisions. These programs are described below. General fund spending totals $1.1 billion statewide for these programs in fiscal 2014. In addition, $71 million from the Cigarette Restitution Fund will also be spent on these programs in fiscal 2014. This does not include spending at the State mental health hospitals, developmental disability facilities, or chronic disease centers.

- ***Alcohol and Drug Abuse:*** The Alcohol and Drug Abuse Administration funds community-based programs that include primary and emergency care, intermediate care facilities, halfway houses and long-term care programs, outpatient care, and prevention programs. The fiscal 2014 budget includes $84.7 million in general funds and $24.5 million in special funds for these programs. In addition, the budget includes $33.7 million in federal funds for addiction treatment services.

- ***Family Health and Chronic Disease Services:*** The new Prevention and Health Promotion Administration is the combination of the former Infectious Disease and Environmental Health Administration and the Family Health Administration. The administration funds a variety of community-based programs through the local health departments and private sector agencies in each of the subdivisions. These programs include maternal health (family planning, pregnancy testing, prenatal and perinatal care, *etc.*) and infant and child health (disease prevention, child health clinics, specialty services, *etc.*). The Administration is also responsible for chronic and hereditary disease prevention (cancer, heart disease, diabetes, *etc.*) and the prevention and control of infectious diseases (including HIV/AIDS). This includes the promotion of safe and effective immunization practices, the investigation of disease outbreaks, and continuous disease surveillance and monitoring with the support of local health departments and the medical community. Fiscal 2014 funding for these programs totals $38.7 million in general funds and $175.9 million in federal funds. In addition, the budget includes $46.5 million from the Cigarette Restitution Fund for tobacco use prevention and cessation and for cancer prevention and screening at the local level.

- ***Medical Care Services:*** The Medical Care Programs Administration provides support for the local health departments and funding for community-based programs that serve senior citizens. The geriatric services include operating grants to adult day care centers and an evaluation program administered by the local health departments to assess the physical and mental health needs of elderly individuals. This category also includes grants to local health departments related to eligibility determination for the Medicaid and Children's Health programs, transportation services for Medicaid recipients in non-emergency situations, and coordination and outreach services for Medicaid and special needs populations in the HealthChoice program. The fiscal 2014 funding for these programs totals $34.2 million in general funds and $35.5 million in federal funds.

- ***Mental Health:*** The Mental Hygiene Administration oversees a wide range of community mental health services that are developed and monitored at the local level by Core Service Agencies. The Core Service Agencies have the clinical, fiscal, and administrative responsibility to develop a coordinated network of services for all public mental health clients of any age within a given jurisdiction. These services include inpatient hospital and residential treatment facility stays, outpatient treatment, psychiatric rehabilitation services, counseling, and targeted case management services. The fiscal 2014 budget includes $439.2 million in general funds and $405.0 million in federal funds for mental health services.

- ***Developmental Disabilities:*** The Developmental Disabilities Administration's community-based programs include residential services, day programs, transportation services, summer recreation for children, individual and family support services, including respite care, individual family care, behavioral support services, and community supported living arrangements. The fiscal 2014 budget includes $481.9 million in general funds and $409.9 million in federal funds for these programs.

Social Services: The Department of Human Resources provides funding for various social and community services in the subdivisions. Part B of each county's statistical tables shows fiscal 2014 estimates of funding for those programs that are available by subdivision. Note that fiscal 2014 funding for both homeless and women's services is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2013 funding and may change.

- ***Homeless Services:*** The State funds programs which provide emergency and transitional housing, food, and transportation for homeless families and individuals. Funding is available by county for the housing counselor, service-linked housing and emergency and transitional housing programs. The fiscal 2014 budget includes $3.8 million in general funds for these programs.

- ***Women's Services:*** The State provides funding for a variety of community-based programs for women. These include the battered spouse program, rape crisis centers, crime victim's services, and services for homeless women and children. Total fiscal 2014 funding for these programs equals $4.9 million in general funds.

- ***Adult Services:*** The State social services departments in each of the subdivisions provide a variety of services to disabled, elderly, neglected, and exploited adults. Services include information and referral, crisis intervention, case management, protective services, in-home aid, and respite care for families. The fiscal 2014 budget includes $10.8 million in general funds and $31.6 million in federal funds for adult services.

- ***Child Welfare Services:*** The State social services departments in each of the subdivisions offer programs to support the healthy development of families, assist families and children in need, and protect abused and neglected children. Services include adoptive services, foster care programs, family preservation programs, and child protective services. The fiscal 2014 budget includes $141.7 million in general funds and $75.3 million in federal funds.

Senior Citizen Services: The Department of Aging funds a variety of services for senior citizens mostly through local area agencies on aging. In Part B of each county, these programs have been combined into two broad categories: long-term care and community services. The total fiscal 2014 funding is $13.3 million in general funds and $22.5 million in federal funds. In this report, the fiscal 2014 general funds are allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2013 funding and may change.

- ***Long-term Care:*** This category includes the following programs: frail and vulnerable elderly, senior care, senior guardianship, the ombudsman program, and the innovations in aging program. The total fiscal 2014 funding is $9.5 million in general funds.

- ***Community Services:*** Included in this category are the senior information and assistance program and the senior nutrition program. Also included is a hold harmless grant for certain counties that received less federal funding under the Older Americans Act when

2000 census population figures were factored into the funding formula. Fiscal 2014 funding for these programs totals $3.8 million in general funds.

Capital Grants and Capital Projects for State Facilities

Selected State Grants for Capital Projects: The State provides capital grants for public schools; community colleges; local jails; community health facilities; water quality projects; waterway improvements; homeless shelters; and other cultural, historical, and economic development projects. Projects are funded from either bond sales or current revenues. Part C lists projects in the counties authorized by the fiscal 2014 State operating and capital budgets. Projects at regional community colleges are shown for each county that the college serves. The projects listed for the various loan programs are those currently anticipated for fiscal 2014. The actual projects funded and/or the amount of funding for specific projects could change depending on which projects are ready to move forward and final costs.

The fiscal 2014 budget includes $325.4 million in funding for local school construction: $0.4 million from the program's contingency fund, $300.0 million in general obligation bonds and $25.0 million in general funds. As of the publication of this report, $247.5 million of the total fiscal 2014 funding has been allocated to specific projects. These projects are listed in part C for each county.

Capital Projects for State Facilities Located in the County: Part D for each county shows capital projects, authorized by the fiscal 2014 operating and capital budgets, at State facilities and public colleges and universities by the county in which the facility is located. If a facility is located in more than one county, such as a State park, the total amount of the capital project is shown for all relevant counties. For each capital project, the total authorized amount is given, regardless of funding source, although federally funded projects are generally shown separately. For the universities, projects funded from both academic and auxiliary revenue bonds are included. The projects funded with auxiliary revenue bonds are those anticipated for fiscal 2014 but the actual projects funded could be different. This report does not include transportation projects.

Allegany County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$39,710	$40,050	$340	0.9
	Compensatory Education	20,281	20,307	26	0.1
	Student Transportation	4,456	4,488	32	0.7
	Special Education	6,200	6,435	235	3.8
	Limited English Proficiency Grants	101	131	30	29.7
	Guaranteed Tax Base	3,581	3,491	-89	-2.5
	Adult Education	184	147	-37	-20.1
	Aging Schools	498	98	-400	-80.3
	Other Education Aid	940	859	-81	-8.6
	Primary & Secondary Education	**$75,951**	**$76,006**	**$56**	**0.1**
	Libraries	767	753	-14	-1.8
	Community Colleges	6,006	6,039	33	0.5
	Health Formula Grant	928	977	49	5.3
*	Transportation	959	1,804	845	88.1
*	Police and Public Safety	566	874	308	54.4
*	Fire and Rescue Aid	238	238	0	0.0
	Recreation and Natural Resources	159	330	171	107.5
	Disparity Grant	7,299	7,299	0	0.0
	Teachers Retirement Supplemental Grant	1,632	1,632	0	0.0
	Video Lottery Terminal Impact Aid	0	874	874	n/a
	Total Direct Aid	**$94,505**	**$96,826**	**$2,321**	**2.5**
	Aid Per Capita ($)	1,277	1,308	31	2.4
	Property Tax Equivalent ($)	2.39	2.47	0.08	3.3

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Allegany County for teachers, librarians, and community college faculty are estimated to be $11,199,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$3,809,000
Medical Care Services	737,000
Mental Health	6,705,000
Family Health and Chronic Disease	618,000
Developmental Disabilities	6,110,000
Social Services	
Homeless Services	69,000
Women's Services	68,000
Adult Services	195,000
Child Welfare Services	1,947,000
Senior Citizen Services	
Long-term Care	186,000
Community Services	148,000

C. Selected State Grants for Capital Projects

Public Schools

Allegany High School – construction	$1,000,000
Westmar Middle School – renovations (roof)	950,000

Public Libraries

South Cumberland Library – roof replacement	90,000

Community Parks and Playgrounds

Canal Place	62,000

Chesapeake Bay Water Quality Projects

Braddock Run – sanitary district rehabilitation	875,000

Water Supply Financial Assistance Program

Rawlings – water system connection project	1,312,000
Westernport – water distribution system replacement	304,000

Other Projects

Friends Aware, Inc.	100,000

D. Capital Projects for State Facilities in the County

Maryland Environmental Service

Rocky Gap State Park – wastewater treatment plant improvements	$2,000,000

University System of Maryland

Frostburg State – Center for Communications and Information Technology	9,843,000

Anne Arundel County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$191,894	$198,993	$7,100	3.7
	Compensatory Education	55,599	58,734	3,135	5.6
	Student Transportation	21,337	21,683	346	1.6
	Special Education	24,313	23,989	-325	-1.3
	Limited English Proficiency Grants	8,305	8,782	477	5.7
	Geographic Cost of Education Index	9,043	9,274	231	2.6
	Adult Education	261	268	7	2.7
	Aging Schools	2,577	506	-2,071	-80.4
	Other Education Aid	1,190	1,326	136	11.4
	Primary & Secondary Education	**$314,519**	**$323,555**	**$9,036**	**2.9**
	Libraries	2,114	2,126	12	0.6
	Community Colleges	29,753	30,516	763	2.6
	Health Formula Grant	3,207	3,375	168	5.2
*	Transportation	3,506	4,425	919	26.2
*	Police and Public Safety	4,323	6,850	2,527	58.5
*	Fire and Rescue Aid	812	812	0	0.0
	Recreation and Natural Resources	1,722	3,579	1,857	107.8
	Video Lottery Terminal Impact Aid	16,326	20,926	4,600	28.2
*	Other Direct Aid	75	414	339	452.0
	Total Direct Aid	**$376,357**	**$396,578**	**$20,221**	**5.4**
	Aid Per Capita ($)	684	720	37	5.4
	Property Tax Equivalent ($)	0.49	0.52	0.03	6.1

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Anne Arundel County for teachers, librarians, and community college faculty are estimated to be $78,163,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$3,028,000
Medical Care Services	2,051,000
Mental Health	27,620,000
Family Health and Chronic Disease	1,433,000
Developmental Disabilities	43,892,000
Social Services	
Homeless Services	158,000
Women's Services	320,000
Adult Services	189,000
Child Welfare Services	7,507,000
Senior Citizen Services	
Long-term Care	627,000
Community Services	150,000

C. Selected State Grants for Capital Projects

Public Schools

Annapolis Elementary School – construction	$1,002,000
Annapolis High School – renovations (open space conversion)	1,800,000
Crofton Elementary School – construction	1,000,000
Crofton Meadows Elementary School – kindergarten/pre-k addition	1,219,000
Crofton Middle School – construction	2,343,000
Deale Elementary School – renovations (electrical)	58,000
Four Seasons Elementary School – kindergarten addition	1,111,000
Glen Burnie Park Elementary School – kindergarten addition	889,000
Lothian Elementary School – construction	2,980,000
Magothy River Middle School – renovations (electrical)	748,000
Marley Elementary School – kindergarten/pre-k addition	1,313,000
Mills-Parole Elementary School – construction	1,000,000
North Glen Elementary School – construction	400,000
Oakwood Elementary School – construction	400,000
Park Elementary School – renovations (roof)	833,000
Phoenix Annapolis at Germantown Elementary School – construction	2,522,000
Rolling Knolls Elementary School – construction	1,000,000
Severn River Middle School – renovations (open space conversion)	1,997,000
Waugh Chapel Elementary School – renovations (HVAC/windows/doors)	1,727,000
Woodside Elementary School – renovations (electrical)	58,000

Public Libraries

Severna Park Library – renovation	70,000

Anne Arundel Community College

Administration Building – renovation and expansion	1,443,000

Other Projects

Annapolis High School – stadium and athletic fields	2,500,000
Anne Arundel Medical Center	500,000
Girl Scouts of Central Maryland – Camp Woodlands	150,000
Maryland Hall for the Creative Arts	500,000
Maryland Therapeutic Riding, Inc.	200,000
Mayo Civic Association Community Hall	25,000

Meade High School – concession stand	50,000
National Cryptologic Museum – Cyber Center of Excellence	500,000
National Electronics Museum	200,000
Southern Middle School and Southern High School – improvements	100,000
William Paca House	250,000

D. Capital Projects for State Facilities in the County

General Government

Annapolis Post Office	$351,000
State House – Old Senate Chamber	4,850,000

Department of Natural Resources

Sandy Point State Park – boat ramp area improvements	665,000

Department of Public Safety and Correctional Services

Dorsey Run Correctional Facility – construction	987,000
Maryland House of Correction – deconstruction project	3,306,000

Maryland Department of Veterans Affairs

Crownsville Veterans Cemetery – expansion (federal funds)	5,983,000

Baltimore City

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2013	FY 2014	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$395,480	$404,031	$8,551	2.2
Compensatory Education	314,689	323,375	8,686	2.8
Student Transportation	18,546	19,486	940	5.1
Special Education	81,575	81,806	231	0.3
Limited English Proficiency Grants	14,492	17,814	3,322	22.9
Guaranteed Tax Base	31,540	38,064	6,525	20.7
Geographic Cost of Education Index	22,396	22,735	339	1.5
Adult Education	1,383	1,381	-2	-0.1
Aging Schools	7,068	1,388	-5,680	-80.4
Other Education Aid	4,140	4,140	0	0.0
Primary & Secondary Education	**$891,309**	**$914,220**	**$22,912**	**2.6**
Libraries	6,034	6,035	0	0.0
Health Formula Grant	6,809	7,163	354	5.2
Transportation	130,320	134,755	4,435	3.4
Police and Public Safety	10,421	10,368	-54	-0.5
Fire and Rescue Aid	924	924	0	0.0
Recreation and Natural Resources	3,922	4,877	955	24.3
Disparity Grant	77,542	79,052	1,509	1.9
Teachers Retirement Supplemental Grant	10,048	10,048	0	0.0
Video Lottery Terminal Impact Aid	4,194	5,007	814	19.4
Other Direct Aid	1,029	1,658	629	61.1
Total Direct Aid	**$1,142,552**	**$1,174,107**	**$31,555**	**2.8**
Aid Per Capita ($)	1,839	1,890	51	2.8
Property Tax Equivalent ($)	3.25	3.30	0.05	1.5

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Baltimore City for teachers, librarians, and community college faculty are estimated to be $84,784,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$34,732,000
Medical Care Services	9,625,000
Mental Health	148,793,000
Family Health and Chronic Disease	19,171,000
Developmental Disabilities	55,667,000
Social Services	
Homeless Services	1,606,000
Women's Services	457,000
Adult Services	2,398,000
Child Welfare Services	63,519,000
Senior Citizen Services	
Long-term Care	1,933,000
Community Services	940,000

C. Selected State Grants for Capital Projects

Public Schools

Baltimore City College High School #480 – renovations (fire safety/windows)	$3,792,000
Booker T. Washington Building #130 – renovations (elevator/windows/doors)	1,776,000
Brehms Lane Elementary School #231 – renovations (roof)	255,000
Cherry Hill Elementary/Middle School #159 – renovations (fire safety)	252,000
Commodore John Rodgers Elementary/Middle School #27 – renovations (elevators)	452,000
Curtis Bay Elementary/Middle School #207 – renovations (fire safety)	252,000
Eutaw-Marshburn Elementary School #11 – renovations (roof)	860,000
Francis Scott Key Elementary/Middle School #76 – renovations (HVAC)	2,386,000
Franklin Square Elementary/Middle School #95 – renovations (roof)	800,000
Frederick Douglass High School #450 – renovations (elevators)	528,000
George G. Kelson Building #157 – renovations (roof)	680,000
Hazelwood Elementary/Middle School #210 – renovations (fire safety)	208,000
John Eager Howard Elementary School #61 – renovations (roof)	1,100,000
Johnston Square Elementary School #16 – renovations (roof)	1,100,000
Mary E. Rodman Elementary School #204 – renovations (fire safety)	252,000
Mt. Washington Elementary School #221 – renovations (HVAC)	2,576,000
North Bend Elementary/Middle School #81 – renovations (elevator)	260,000
Pimlico Elementary/Middle School #223 – renovations (fire safety)	292,000
Robert Poole Building #56 – renovations (windows/doors)	2,200,000
Rosemont Elementary/Middle School #63 – renovations (windows)	291,000
Samuel-Coleridge Taylor Elementary School #122 – renovations (windows/doors)	3,500,000
Sarah M. Roach Elementary School #73 – renovations (fire safety)	208,000
Thurgood Marshall Building #170 – renovations (elevators)	240,000
Waverly Elementary/Middle School #51 – construction	1,200,000
William H. Lemmel Building #79 – renovations (elevator)	300,000

Community Health Facilities Grant Program

Associated Jewish Charities	200,000
Comprehensive Housing Assistance, Inc.	365,000
Family Recovery Program, Inc.	620,000
Project PLASE, Inc.	1,231,000

Shelter and Transitional Facilities

Family Recovery	1,200,000

Partnership Rental Housing Program

Disability Units	1,320,800

Program Open Space

Center for Parks and People at Auchentoroly Terrace at Druid Hill Park	1,000,000
Ripkin Foundation Athletic Fields	400,000
Stony Run Trail – improvements	600,000

Community Parks and Playgrounds

McKim Park	185,000

Chesapeake Bay Water Quality Projects

Back River WWTP – nutrient removal	16,100,000
Patapsco Sewershed – sanitary sewer improvements	1,500,000

Chesapeake Bay Restoration Fund

Back River WWTP – enhanced nutrient removal	76,300,000

Other Projects

Baltimore Design School	100,000
Baltimore Museum of Art	3,500,000
Baltimore Zoo – infrastructure improvements	7,000,000
Carroll's Hundred Archaeology Project	100,000
Central Baltimore Partnership – Central Baltimore Revitalization Plan	3,000,000
Chesapeake Shakespeare Company	125,000
City Springs School Community Athletic Complex	55,000
East Baltimore Biotechnology Park	5,000,000
East Baltimore Revitalization Projects	1,350,000
Education Based Latino Outreach, Inc.	300,000
Fayette Street Outreach Community Center	350,000
Hobbs Fitness Center	75,000
Institutes for Behavior Resources	50,000
Johns Hopkins Bayview Medical Center	975,000
Johns Hopkins University – academic/research building	4,000,000
Johns Hopkins University – High Performance Computing Data Center	12,000,000

Kennedy Krieger Institute	2,500,000
LAMB Community Resource Center	125,000
Leadenhall Community Outreach Center	25,000
Learn'In to Live Again, Inc.	105,000
Liberty Rec and Tech Center	200,000
Maryland Historical Society	250,000
Maryland Institute College of Art – academic building and Fox Building	4,000,000
Maryland School for the Blind – Life Cottage Building	5,580,000
Maryland School for the Blind – Life Education Building	5,000,000
Mattie B. Uzzle Outreach Center	150,000
Medstar Good Samaritan Hospital	375,000
Mount Pleasant Family Life Center	100,000
Mount Vernon Place	1,000,000
National Aquarium in Baltimore	5,000,000
New Creation Christian Academy Day Care	100,000
Park Heights Women and Children's Center	175,000
Patricia and Arthur Model Performing Arts Center at the Lyric	250,000
Port Discovery	1,028,000
Ralph J. Young Early Childhood Center	45,000
Roosevelt Park – Skatepark of Baltimore	75,000
Saint Agnes Hospital	674,000
Sports Legends Museum	480,000
St. Clare of Assisi, Inc. – Stone House	275,000
Walters Art Museum	2,500,000

D. Capital Projects for State Facilities in the City

Department of Public Safety and Correctional Services

Youth Detention Center	$2,600,000

Department of Education

State Library Resource Center – renovation	1,205,000

Morgan State University

Campuswide – athletic facilities improvements	200,000
Jenkins Behavioral and Social Sciences Center	297,000
School of Business and Management – new complex	50,514,000
Soper Library – demolition	3,850,000

University System of Maryland

Baltimore – garage fire alarm system modifications	3,000,000
Baltimore – Health Sciences Research Facility	16,570,000
Coppin State – pedestrian bridge ADA improvements	1,786,000
Coppin State – Science and Technology Center	54,412,000
University of Baltimore – Langsdale Library renovation	1,000,000

Other

University of Maryland Medical System – ambulatory care pavilion	10,000,000
University of Maryland Medical System – patient care building	5,000,000
University of Maryland Medical System – shock trauma center	150,000

Baltimore County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2013	FY 2014	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$336,113	$348,782	$12,670	3.8
Compensatory Education	121,773	128,745	6,973	5.7
Student Transportation	27,872	28,455	583	2.1
Special Education	45,596	46,351	754	1.7
Limited English Proficiency Grants	12,092	13,657	1,565	12.9
Geographic Cost of Education Index	5,478	5,628	150	2.7
Adult Education	484	448	-36	-7.4
Aging Schools	4,452	2,874	-1,578	-35.4
Other Education Aid	5,047	4,277	-770	-15.3
Primary & Secondary Education	**$558,907**	**$579,217**	**$20,311**	**3.6**
Libraries	5,256	5,250	-5	-0.1
Community Colleges	37,638	39,982	2,344	6.2
Health Formula Grant	4,391	4,621	230	5.2
Transportation	4,016	4,334	318	7.9
Police and Public Safety	6,317	9,929	3,612	57.2
Fire and Rescue Aid	1,161	1,161	0	0.0
Recreation and Natural Resources	1,918	4,019	2,100	109.5
Teachers Retirement Supplemental Grant	3,000	3,000	0	0.0
Other Direct Aid	0	50	50	n/a
Total Direct Aid	**$622,604**	**$651,563**	**$28,959**	**4.7**
Aid Per Capita ($)	762	797	35	4.6
Property Tax Equivalent ($)	0.77	0.83	0.06	7.8

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Baltimore County for teachers, librarians, and community college faculty are estimated to be $110,452,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$4,417,000
Medical Care Services	4,260,000
Mental Health	62,631,000
Family Health and Chronic Disease	2,195,000
Developmental Disabilities	66,512,000
Social Services	
Homeless Services	181,000
Women's Services	767,000
Adult Services	744,000
Child Welfare Services	10,372,000
Senior Citizen Services	
Long-term Care	1,383,000
Community Services	232,000

C. Selected State Grants for Capital Projects

Public Schools

Catonsville Center for Alternative Studies – renovations (windows/doors)	$308,000
Chapel Hill Elementary School – renovations (roof)	806,000
Fort Garrison Elementary School – renovations (air conditioning)	1,700,000
Franklin Elementary School – renovations (air conditioning)	1,146,000
Hebbville Elementary School – renovations (air conditioning)	1,300,000
Hereford High School – construction	6,200,000
Lutherville Area Elementary School – construction	7,494,000
Middleborough Elementary School – renovations (air conditioning/roof)	1,522,000
Middlesex Elementary School – renovations (air conditioning)	237,000
Overlea High School – renovations (air conditioning)	2,350,000
Owings Mills Elementary School – renovations (boilers)	103,000
Sussex Elementary School – renovations (air conditioning)	1,070,000
Timonium Elementary School – renovations (air conditioning)	1,124,000
Woodmoor Elementary School – renovations (air conditioning)	400,000

Public Libraries

Towson Library – HVAC replacement	231,000

Baltimore Community College

Catonsville – F Building renovation and expansion	1,000,000
Catonsville – multiple building roof membrane replacement	401,000

Community Health Facilities Grant Program

Alliance Real Estate Holdings	1,122,000
Mosaic Community Services, Inc.	895,000
The First Journey, Inc.	458,000

Chesapeake Bay Water Quality Projects

Back River WWTP – nutrient removal	16,100,000

Chesapeake Bay Restoration Fund

Back River WWTP – enhanced nutrient removal	76,300,000

African American Heritage Preservation Grant Program

Louis S. Diggs Research Center for African-American History – improvements	100,000
Samuel and Ida Torsell Mini Museum – improvements	69,000

Other Projects

Baltimore County Humane Society	35,000
Catonsville Clubhouse	65,000
Catonsville Historic Mansion	125,000
Catonsville Rails to Trails – Short Line Trail	50,000
Comet Booster Club – bleachers and press box	125,000
Cromwell Valley Park – Limekilns and Log House	150,000
Diversified Housing Development, Inc.	120,000
Dundalk Youth Services Arts Center	200,000
Easter Seals Adult Day Services Center	250,000
Eastern Family Resource Center	2,500,000
Good Shepherd Center	70,000
Kingsville Volunteer Fire Station	145,000
Little Sisters of the Poor	250,000
Parkville Middle School – facility improvements	100,000
Perry Hall High School – stadium scoreboard	55,000
War of 1812 Historic Site – Battle Acre Park	250,000
Youth in Transition School	200,000

D. Capital Projects for State Facilities in the County

Department of Health and Mental Hygiene

Spring Grove Hospital Center	$400,000

Maryland State Police

Headquarters Building K – renovation	1,612,000

Department of Natural Resources

North Point State Park – battlefield improvements	500,000

Military

Gunpowder Military Reservation – firing range renovation	1,382,000
Gunpowder Military Reservation – firing range renovation (federal funds)	1,998,000

University System of Maryland

Baltimore County – campus traffic safety and circulation improvements	1,962,000
Baltimore County – Performing Arts and Humanities Facility	36,106,000
Baltimore County – residence hall renovations	900,000
Towson University – campuswide safety and circulation improvements	7,812,000
Towson University – Newell Dining Hall renovation	800,000
Towson University – recreation building	3,200,000
Towson University – Smith Hall expansion and renovation	3,200,000
Towson University – Softball Stadium	500,000
Towson University – West Village Housing	39,150,000

Calvert County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$57,480	$57,129	-$351	-0.6
	Compensatory Education	10,472	10,202	-270	-2.6
	Student Transportation	5,544	5,527	-17	-0.3
	Special Education	4,807	4,439	-368	-7.7
	Limited English Proficiency Grants	495	555	60	12.1
	Geographic Cost of Education Index	2,291	2,278	-13	-0.6
	Adult Education	188	191	3	1.6
	Aging Schools	195	38	-157	-80.5
	Other Education Aid	737	742	4	0.5
	Primary & Secondary Education	**$82,209**	**$81,101**	**-$1,109**	**-1.3**
	Libraries	367	379	12	3.3
	Community Colleges	2,226	2,369	144	6.5
	Health Formula Grant	378	399	21	5.6
*	Transportation	839	1,085	247	29.4
*	Police and Public Safety	514	775	261	50.8
*	Fire and Rescue Aid	200	200	0	0.0
	Recreation and Natural Resources	169	355	186	110.1
*	Other Direct Aid	1,654	1,707	53	3.2
	Total Direct Aid	**$88,556**	**$88,370**	**-$186**	**-0.2**
	Aid Per Capita ($)	988	986	-2	-0.2
	Property Tax Equivalent ($)	0.71	0.73	0.02	2.8

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Calvert County for teachers, librarians, and community college faculty are estimated to be $18,311,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$598,000
Medical Care Services	440,000
Mental Health	3,478,000
Family Health and Chronic Disease	485,000
Developmental Disabilities	7,511,000
Social Services	
Homeless Services	26,000
Women's Services	260,000
Adult Services	87,000
Child Welfare Services	766,000
Senior Citizen Services	
Long-term Care	124,000
Community Services	19,000

C. Selected State Grants for Capital Projects

Public Schools

Calvert High School – construction	$3,426,000
Mutual Elementary School – renovations (open space conversion/fire safety)	1,000,000
Northern Middle School – renovations (lighting)	101,000

College of Southern Maryland

Hughesville – Center for Regional Programs	3,324,000

Water Supply Financial Assistance Program

Prince Frederick – construct well and water tank	350,000

Other Projects

North Beach – pier improvements	250,000

D. Capital Projects for State Facilities in the County

University System of Maryland

Center for Environmental Science – Environmental Sustainability Research	$2,350,000

Caroline County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$25,169	$25,657	$488	1.9
	Compensatory Education	12,558	13,158	600	4.8
	Student Transportation	2,532	2,525	-7	-0.3
	Special Education	2,358	2,466	108	4.6
	Limited English Proficiency Grants	1,188	1,299	111	9.3
	Guaranteed Tax Base	328	585	257	78.4
	Adult Education	0	165	165	0.0
	Aging Schools	255	50	-205	-80.4
	Other Education Aid	591	630	39	6.6
	Primary & Secondary Education	**$44,979**	**$46,535**	**$1,556**	**3.5**
	Libraries	268	268	0	0.0
	Community Colleges	1,519	1,637	118	7.8
	Health Formula Grant	549	577	28	5.1
*	Transportation	629	946	317	50.4
*	Police and Public Safety	223	337	114	51.1
*	Fire and Rescue Aid	209	209	0	0.0
	Recreation and Natural Resources	80	160	79	98.8
	Disparity Grant	2,132	2,132	0	0.0
	Teachers Retirement Supplemental Grant	685	685	0	0.0
	Total Direct Aid	**$51,273**	**$53,486**	**$2,213**	**4.3**
	Aid Per Capita ($)	1,567	1,635	68	4.3
	Property Tax Equivalent ($)	1.82	2.02	0.20	11.0

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Caroline County for teachers, librarians, and community college faculty are estimated to be $5,391,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$386,000
Medical Care Services	395,000
Mental Health	3,453,000
Family Health and Chronic Disease	523,000
Developmental Disabilities	2,808,000
Social Services	
Homeless Services	36,000
Women's Services	19,000
Adult Services	88,000
Child Welfare Services	710,000
Senior Citizen Services	
Long-term Care	351,000
Community Services	117,000

Note: Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.

C. Selected State Grants for Capital Projects

Public Schools

Preston Elementary School – construction	$6,872,000

Chesapeake College

Center for Allied Health and Athletics	5,416,000

Community Parks and Playgrounds

Church Playground	25,000
Hillsboro Playground	50,000

Chesapeake Bay Water Quality Projects

Goldsboro WWTP – wastewater system improvements	1,500,000
North Caroline County WWTP – construction	1,500,000

Carroll County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$100,872	$98,986	-$1,886	-1.9
	Compensatory Education	13,767	13,892	124	0.9
	Student Transportation	9,413	9,382	-31	-0.3
	Special Education	12,311	11,203	-1,108	-9.0
	Limited English Proficiency Grants	660	757	97	14.7
	Geographic Cost of Education Index	2,535	2,516	-19	-0.7
	Adult Education	125	127	2	1.6
	Aging Schools	699	137	-562	-80.4
	Other Education Aid	706	692	-14	-2.0
	Primary & Secondary Education	**$141,088**	**$137,692**	**-$3,397**	**-2.4**
	Libraries	941	924	-18	-1.9
	Community Colleges	7,638	7,996	359	4.7
	Health Formula Grant	1,257	1,323	66	5.3
*	Transportation	1,513	2,527	1,013	67.0
*	Police and Public Safety	1,044	1,599	555	53.2
*	Fire and Rescue Aid	260	260	0	0.0
	Recreation and Natural Resources	383	800	416	108.6
	Total Direct Aid	**$154,124**	**$153,121**	**-$1,003**	**-0.7**
	Aid Per Capita ($)	922	916	-6	-0.7
	Property Tax Equivalent ($)	0.82	0.83	0.01	1.2

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Carroll County for teachers, librarians, and community college faculty are estimated to be $26,940,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$2,054,000
Medical Care Services	576,000
Mental Health	7,151,000
Family Health and Chronic Disease	903,000
Developmental Disabilities	14,322,000
Social Services	
Homeless Services	61,000
Women's Services	160,000
Adult Services	76,000
Child Welfare Services	1,451,000
Senior Citizen Services	
Long-term Care	259,000
Community Services	54,000

C. Selected State Grants for Capital Projects

Public Schools

Carroll Springs School – renovations (roof)	$428,000
Eldersburg Elementary School – renovations (open space conversion)	1,858,000
Taneytown Elementary School – renovations (roof)	505,000
Westminster West Middle School – renovations (roof)	1,266,000

Public Libraries

Mt. Airy Library – renovation	157,000

Community Parks and Playgrounds

Leister Park	88,000

D. Capital Projects for State Facilities in the County

Department of Juvenile Justice

Thomas J. S. Waxter Children's Center – construction	$1,670,000

Cecil County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$62,272	$62,054	-$218	-0.4
	Compensatory Education	21,475	20,915	-560	-2.6
	Student Transportation	4,943	4,958	15	0.3
	Special Education	7,391	7,848	457	6.2
	Limited English Proficiency Grants	660	624	-36	-5.5
	Guaranteed Tax Base	269	71	-198	-73.6
	Adult Education	78	81	2	2.6
	Aging Schools	489	96	-393	-80.4
	Other Education Aid	842	858	16	1.9
	Primary & Secondary Education	**$98,419**	**$97,505**	**-$915**	**-0.9**
	Libraries	703	713	11	1.6
	Community Colleges	5,423	5,705	282	5.2
	Health Formula Grant	823	866	43	5.2
*	Transportation	886	1,383	497	56.1
*	Police and Public Safety	635	997	362	57.0
*	Fire and Rescue Aid	206	206	0	0.0
	Recreation and Natural Resources	203	416	213	104.9
	Disparity Grant	0	299	299	n/a
	Video Lottery Terminal Impact Aid	5,205	3,195	-2,010	-38.6
	Total Direct Aid	**$112,503**	**$111,285**	**-$1,218**	**-1.1**
	Aid Per Capita ($)	1,106	1,094	-12	-1.1
	Property Tax Equivalent ($)	1.13	1.15	0.02	1.8

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Cecil County for teachers, librarians, and community college faculty are estimated to be $16,210,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$960,000
Medical Care Services	644,000
Mental Health	8,674,000
Family Health and Chronic Disease	575,000
Developmental Disabilities	8,490,000
Social Services	
Homeless Services	32,000
Women's Services	222,000
Adult Services	114,000
Child Welfare Services	1,618,000
Senior Citizen Services	
Long-term Care	131,000
Community Services	39,000

C. Selected State Grants for Capital Projects

Public Schools

Rising Sun High School – renovations (roof)	$884,000

Public Libraries

Elkton Central Library – renovation	420,000

Cecil Community College

Math and Engineering Building – construction	11,682,000

Federally Qualified Health Centers Grant Program

West Cecil Health Center	1,371,000

Community Parks and Playgrounds

Cecilton Town Park	17,000
Charlestown Athletic Complex	78,000
Meadow Park	28,000

Other Projects

Boys and Girls Club of Cecil County	50,000
Charlestown – Cecil Inn	100,000
Fair Hill Race Track	50,000

Charles County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$105,697	$106,492	$ 795	0.8
	Compensatory Education	25,658	27,535	1,877	7.3
	Student Transportation	10,076	10,130	54	0.5
	Special Education	8,526	8,466	-60	-0.7
	Limited English Proficiency Grants	828	929	101	12.2
	Guaranteed Tax Base	833	306	-527	-63.3
	Geographic Cost of Education Index	3,498	3,512	14	0.4
	Adult Education	344	353	8	2.3
	Aging Schools	255	50	-205	-80.4
	Other Education Aid	1,315	1,328	13	1.0
	Primary & Secondary Education	**$157,030**	**$159,101**	**$2,070**	**1.3**
	Libraries	861	895	33	3.8
	Community Colleges	7,377	8,050	673	9.1
	Health Formula Grant	1,016	1,069	54	5.3
*	Transportation	1,251	1,588	338	27.0
*	Police and Public Safety	801	1,301	500	62.4
*	Fire and Rescue Aid	246	246	0	0.0
	Recreation and Natural Resources	347	726	379	109.2
	Video Lottery Terminal Impact Aid	0	0	0	0.0
	Total Direct Aid	**$168,929**	**$172,976**	**$4,047**	**2.4**
	Aid Per Capita ($)	1,122	1,149	27	2.4
	Property Tax Equivalent ($)	1.01	1.07	0.06	5.9

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Charles County for teachers, librarians, and community college faculty are estimated to be $27,217,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$1,900,000
Medical Care Services	580,000
Mental Health	5,525,000
Family Health and Chronic Disease	794,000
Developmental Disabilities	11,975,000
Social Services	
Homeless Services	62,000
Women's Services	57,000
Adult Services	122,000
Child Welfare Services	3,542,000
Senior Citizen Services	
Long-term Care	151,000
Community Services	16,000

C. Selected State Grants for Capital Projects

Public Schools

St. Charles High School – construction	$7,380,000

Public Libraries

P.D. Brown Library – renovation	21,000

College of Southern Maryland

Hughesville – Center for Regional Programs	3,324,000

Water Supply Financial Assistance Program

Strawberry Hills – water line extension	189,000

Other Projects

Charles County Children's Aid Society, Inc.	100,000
Civista Medical Center	250,000
Melwood Recreation Center	105,000

Dorchester County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$19,240	$19,965	$725	3.8
	Compensatory Education	9,226	9,699	473	5.1
	Student Transportation	2,332	2,347	16	0.7
	Special Education	1,349	1,377	28	2.1
	Limited English Proficiency Grants	291	426	135	46.4
	Guaranteed Tax Base	42	145	102	242.9
	Adult Education	0	136	136	0.0
	Aging Schools	195	38	-157	-80.5
	Other Education Aid	817	812	-5	-0.6
	Primary & Secondary Education	**$33,492**	**$34,945**	**$1,453**	**4.3**
	Libraries	249	249	-1	-0.4
	Community Colleges	1,310	1,345	35	2.7
	Health Formula Grant	438	461	23	5.3
*	Transportation	696	1,054	358	51.4
*	Police and Public Safety	249	382	134	53.8
*	Fire and Rescue Aid	203	203	0	0.0
	Recreation and Natural Resources	76	142	66	86.8
	Disparity Grant	2,023	2,023	0	0.0
	Teachers Retirement Supplemental Grant	309	309	0	0.0
	Total Direct Aid	**$39,045**	**$41,113**	**$2,068**	**5.3**
	Aid Per Capita ($)	1,200	1,263	64	5.3
	Property Tax Equivalent ($)	1.25	1.38	0.12	9.6

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Dorchester County for teachers, librarians, and community college faculty are estimated to be $4,501,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$1,513,000
Medical Care Services	355,000
Mental Health	4,349,000
Family Health and Chronic Disease	500,000
Developmental Disabilities	2,697,000
Social Services	
Homeless Services	31,000
Women's Services	19,000
Adult Services	135,000
Child Welfare Services	875,000
Senior Citizen Services	
Long-term Care	526,000
Community Services	297,000

Note: Senior citizen services funding supports services in Dorchester, Somerset, Wicomico and Worcester counties.

C. Selected State Grants for Capital Projects

Public Schools

Cambridge-South Dorchester High School – renovations (lighting)	$708,000
North Dorchester High School – renovations (lighting)	152,000
Sandy Hill Elementary School – renovations (lighting)	172,000

Public Libraries

Cambridge Central Library – HVAC replacement	224,000

Chesapeake College

Center for Allied Health and Athletics	5,416,000

Community Parks and Playgrounds

Friendship Park	55,000
Great Marsh Park	202,000

African American Heritage Preservation Grant Program

Christ Rock Methodist Episcopal Church – renovation	100,000

Other Projects

Cambridge Marine Terminal	1,500,000
Chesapeake Grove – Senior Housing and Intergenerational Center	150,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Harriet Tubman Underground Railroad State Park	$250,000

Maryland Department of Veterans Affairs

Eastern Shore Veterans Cemetery – expansion	414,000

Frederick County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2013	FY 2014	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$154,564	$156,412	$1,848	1.2
Compensatory Education	29,043	30,980	1,937	6.7
Student Transportation	11,686	11,725	39	0.3
Special Education	14,456	14,545	89	0.6
Limited English Proficiency Grants	6,461	6,530	69	1.1
Geographic Cost of Education Index	6,380	6,450	71	1.1
Adult Education	401	406	5	1.2
Aging Schools	930	183	-747	-80.3
Other Education Aid	1,008	1,008	0	0.0
Primary & Secondary Education	**$224,929**	**$228,239**	**$3,311**	**1.5**
Libraries	1,298	1,327	29	2.2
Community Colleges	9,181	9,822	641	7.0
Health Formula Grant	1,543	1,623	81	5.2
* Transportation	2,517	4,383	1,866	74.1
* Police and Public Safety	1,491	2,358	867	58.1
* Fire and Rescue Aid	365	365	0	0.0
Recreation and Natural Resources	397	837	441	111.1
Total Direct Aid	**$241,721**	**$248,954**	**$7,233**	**3.0**
Aid Per Capita ($)	1,009	1,039	30	3.0
Property Tax Equivalent ($)	0.93	0.98	0.05	5.4

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Frederick County for teachers, librarians, and community college faculty are estimated to be $39,839,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$1,823,000
Medical Care Services	824,000
Mental Health	13,716,000
Family Health and Chronic Disease	681,000
Developmental Disabilities	19,198,000
Social Services	
Homeless Services	133,000
Women's Services	283,000
Adult Services	163,000
Child Welfare Services	3,709,000
Senior Citizen Services	
Long-term Care	261,000
Community Services	70,000

C. Selected State Grants for Capital Projects

Public Schools

Career and Technology Center – renovations (boilers)	$213,000
Glade Elementary School – renovations (chiller)	342,000
Lincoln "B" Elementary School – construction	5,890,000
Linganore High School – construction	3,000,000
Middletown Middle School – renovations (piping)	219,000
Myersville Elementary School – renovations (roofing)	107,000
North Frederick Elementary School – construction	4,906,000
Sabillasville Elementary School – renovations (water tank)	201,000
Walkersville Elementary School – construction	2,251,000

Public Libraries

C. Burr Artz Library – renovation	41,000

Frederick Community College

Building B – reconfiguration and conversion	377,000

Community Health Facilities Grant Program

Way Station, Inc.	1,765,000

Community Parks and Playgrounds

Doub's Meadow Park	60,000
Emmitsburg Community Park	13,000

African American Heritage Preservation Grant Program

Bartonsville Community Cemetery – improvements	13,000

Other Projects

Carroll Creek Linear Park	20,000
Culler Lake – stormwater management	125,000
Hood College – Hodson Science and Technology Center/Tatem Building	2,500,000
Mental Health Association of Frederick County, Inc.	250,000

Oakdale High School – concession stand	50,000
The Jane Hanson National Memorial	35,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Cunningham Falls State Park – day use and beach improvements	$316,000

Other

School for the Deaf – fire alarm and emergency notification system	850,000

Garrett County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2013	FY 2014	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$12,336	$11,360	-$976	-7.9
Compensatory Education	4,751	4,899	148	3.1
Student Transportation	2,859	2,867	8	0.3
Special Education	1,219	1,103	-116	-9.5
Limited English Proficiency Grants	3	5	3	100.0
Adult Education	66	66	0	0.0
Aging Schools	195	38	-157	-80.5
Other Education Aid	920	952	32	3.5
Primary & Secondary Education	**$22,349**	**$21,290**	**-$1,058**	**-4.7**
Libraries	119	119	0	0.0
Community Colleges	3,421	3,552	131	3.8
Health Formula Grant	446	470	23	5.2
* Transportation	694	1,001	308	44.4
* Police and Public Safety	155	229	75	48.4
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	90	173	83	92.2
Disparity Grant	2,131	2,131	0	0.0
Teachers Retirement Supplemental Grant	406	406	0	0.0
Total Direct Aid	**$30,011**	**$29,571**	**-$440**	**-1.5**
Aid Per Capita ($)	1,005	991	-15	-1.5
Property Tax Equivalent ($)	0.62	0.61	-0.01	-1.6

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Garrett County for teachers, librarians, and community college faculty are estimated to be $4,588,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$530,000
Medical Care Services	278,000
Mental Health	1,955,000
Family Health and Chronic Disease	465,000
Developmental Disabilities	2,491,000
Social Services	
Homeless Services	45,000
Women's Services	196,000
Adult Services	35,000
Child Welfare Services	780,000
Senior Citizen Services	
Long-term Care	124,000
Community Services	73,000

C. Selected State Grants for Capital Projects

Community Parks and Playgrounds

Broadford Recreation Area	$50,000
Friendsville Community Park	9,000

Other Projects

Adventure Sports Center International	1,000,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

New Germany State Park – day use and beach improvements	$326,000
Western Maryland Recreational Access and Trail Restoration Project	886,000

Harford County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2013	FY 2014	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$140,766	$138,620	-$2,146	-1.5
Compensatory Education	31,189	31,139	-50	-0.2
Student Transportation	11,988	12,031	43	0.4
Special Education	18,352	18,116	-237	-1.3
Limited English Proficiency Grants	1,504	1,468	-36	-2.4
Adult Education	91	96	5	5.5
Aging Schools	1,107	217	-890	-80.4
Other Education Aid	600	529	-71	-11.8
Primary & Secondary Education	**$205,597**	**$202,216**	**-$3,382**	**-1.6**
Libraries	1,487	1,454	-33	-2.2
Community Colleges	10,610	10,763	154	1.5
Health Formula Grant	1,773	1,865	93	5.2
* Transportation	1,754	2,625	871	49.7
* Police and Public Safety	1,786	2,812	1,026	57.4
* Fire and Rescue Aid	382	382	0	0.0
Recreation and Natural Resources	584	1,200	616	105.5
Total Direct Aid	**$223,973**	**$223,317**	**-$656**	**-0.3**
Aid Per Capita ($)	901	898	-3	-0.3
Property Tax Equivalent ($)	0.84	0.88	0.04	4.8

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Harford County for teachers, librarians, and community college faculty are estimated to be $37,753,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$1,203,000
Medical Care Services	934,000
Mental Health	14,082,000
Family Health and Chronic Disease	914,000
Developmental Disabilities	20,422,000
Social Services	
Homeless Services	78,000
Women's Services	337,000
Adult Services	156,000
Child Welfare Services	3,954,000
Senior Citizen Services	
Long-term Care	292,000
Community Services	70,000

C. Selected State Grants for Capital Projects

Public Schools

Aberdeen Middle School – renovations (lighting)	$176,000
Abingdon Elementary School – renovations (lighting)	105,000
Bel Air Middle School – renovations (lighting)	137,000
C. Milton Wright High School – renovations (lighting)	229,000
Edgewood Middle School – renovations (lighting)	85,000
Fallston High School – renovations (HVAC/lighting/ceilings)	5,254,610
George D. Lisby Elementary School – renovations (roof)	434,000
Joppatown High School – renovations (lighting)	108,000
Magnolia Middle School – renovations (HVAC)	2,649,000
Norrisville Elementary School – renovations (HVAC)	1,736,000
North Harford Elementary School – renovations (HVAC)	1,098,390
North Harford Middle School – renovations (lighting)	160,000
Southampton Middle School – renovations (lighting)	86,000

Harford Community College

Edgewood Hall – renovation and expansion	360,000
Nursing and Allied Health Building – construction	6,547,000

Other Projects

Broad Creek Memorial Scout Reservation – Maryland STEM Lab	250,000
Harve de Grace Opera House	250,000
Humane Society of Harford County – animal shelter	150,000
Ripken Stadium	450,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Rocks State Park – Rocks Ridge Comfort Station	$136,000

Howard County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2013	FY 2014	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$155,137	$154,979	-$158	-0.1
Compensatory Education	22,811	24,029	1,218	5.3
Student Transportation	15,550	15,642	92	0.6
Special Education	13,343	13,230	-113	-0.8
Limited English Proficiency Grants	6,918	6,551	-367	-5.3
Geographic Cost of Education Index	5,120	5,219	100	2.0
Adult Education	229	237	8	3.5
Aging Schools	447	88	-359	-80.3
Other Education Aid	1,665	1,582	-83	-5.0
Primary & Secondary Education	**$221,220**	**$221,557**	**$338**	**0.2**
Libraries	812	821	9	1.1
Community Colleges	14,441	15,837	1,397	9.7
Health Formula Grant	1,241	1,307	66	5.3
Transportation	1,977	2,099	122	6.2
Police and Public Safety	2,256	3,567	1,311	58.1
Fire and Rescue Aid	400	400	0	0.0
Recreation and Natural Resources	1,001	2,115	1,114	111.3
Other Direct Aid	0	85	85	n/a
Total Direct Aid	**$243,348**	**$247,788**	**$4,440**	**1.8**
Aid Per Capita ($)	813	828	15	1.8
Property Tax Equivalent ($)	0.55	0.56	0.01	1.8

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Howard County for teachers, librarians, and community college faculty are estimated to be $68,108,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$1,364,000
Medical Care Services	823,000
Mental Health	9,073,000
Family Health and Chronic Disease	809,000
Developmental Disabilities	23,739,000
Social Services	
Homeless Services	82,000
Women's Services	261,000
Adult Services	38,000
Child Welfare Services	1,874,000
Senior Citizen Services	
Long-term Care	322,000
Community Services	19,000

C. Selected State Grants for Capital Projects

Public Schools

Atholton High School – construction	$7,212,000
Elkridge Landing Middle School – renovations (roof)	811,000
Gorman Crossing Elementary School – construction	50,000
Longfellow Elementary School – construction	1,500,000
New Elementary School #41 – construction	25,000
New Middle School #20 – construction	10,346,000
River Hill High School – renovations (structural)	1,445,000
Rockburn Elementary School – renovations (roof/windows)	886,000
Running Brook Elementary School – construction	825,000

Public Libraries

Elkridge Library – construction	125,000

Howard Community College

Science, Engineering and Technology Building – construction	8,947,000

Other Projects

Blandair Regional Park	250,000
Domestic Violence Center	200,000
Historic Belmont Property – restoration	125,000
Howard County – highway and street improvements	1,000,000
Linwood Center	300,000
Middle Patuxent Environmental Area	150,000
The Arc of Howard County – Homewood Road facility renovation	100,000
Vantage House Retirement Community	75,000

D. Capital Projects for State Facilities in the County

Maryland State Police

Tactical Services Facility – garage	$1,174,000

Kent County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2013	FY 2014	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$3,933	$3,774	-$159	-4.0
Compensatory Education	2,736	2,655	-81	-3.0
Student Transportation	1,513	1,509	-4	-0.3
Special Education	698	620	-78	-11.2
Limited English Proficiency Grants	206	203	-3	-1.5
Geographic Cost of Education Index	138	137	-1	-0.7
Adult Education	0	59	59	0.0
Aging Schools	195	38	-157	-80.5
Other Education Aid	626	649	23	3.7
Primary & Secondary Education	**$10,045**	**$9,644**	**-$401**	**-4.0**
Libraries	85	82	-2	-2.4
Community Colleges	602	586	-16	-2.7
Health Formula Grant	343	361	18	5.2
* Transportation	389	573	184	47.3
* Police and Public Safety	131	203	72	55.0
* Fire and Rescue Aid	205	205	0	0.0
Recreation and Natural Resources	116	146	30	25.9
Disparity Grant	0	70	70	n/a
Total Direct Aid	**$11,916**	**$11,870**	**-$46**	**-0.4**
Aid Per Capita ($)	590	588	-2	-0.3
Property Tax Equivalent ($)	0.39	0.42	0.03	7.7

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Kent County for teachers, librarians, and community college faculty are estimated to be $2,370,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$1,621,000
Medical Care Services	247,000
Mental Health	1,597,000
Family Health and Chronic Disease	549,000
Developmental Disabilities	1,704,000
Social Services	
Homeless Services	1,000
Women's Services	19,000
Adult Services	53,000
Child Welfare Services	399,000
Senior Citizen Services	
Long-term Care	351,000
Community Services	117,000

Note: Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.

C. Selected State Grants for Capital Projects

Chesapeake College

Center for Allied Health and Athletics	$5,416,000

Partnership Rental Housing Program

Cannon Street and Satterfield	1,720,000

Community Parks and Playgrounds

Betterton Memorial Park	16,000
Gateway Park	155,000
Rock Hall Civic Center	161,000

African American Heritage Preservation Grant Program

Charles Sumner Post #25 – improvements	100,000

Other Projects

Chester River Hospital Center	900,000

Montgomery County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$302,207	$305,783	$3,576	1.2
	Compensatory Education	115,208	121,839	6,631	5.8
	Student Transportation	36,101	36,986	885	2.5
	Special Education	47,338	47,925	587	1.2
	Limited English Proficiency Grants	55,108	57,776	2,669	4.8
	Geographic Cost of Education Index	32,796	33,637	840	2.6
	Adult Education	802	784	-18	-2.2
	Aging Schools	3,069	603	-2,466	-80.4
	Other Education Aid	2,516	3,466	950	37.8
	Primary & Secondary Education	**$595,145**	**$608,799**	**$13,654**	**2.3**
	Libraries	2,721	2,771	50	1.8
	Community Colleges	43,527	44,178	651	1.5
	Health Formula Grant	3,079	3,244	164	5.3
*	Transportation	4,654	7,486	2,833	60.9
*	Police and Public Safety	9,847	15,555	5,709	58.0
*	Fire and Rescue Aid	1,303	1,303	0	0.0
	Recreation and Natural Resources	2,565	5,369	2,804	109.3
	Total Direct Aid	**$662,841**	**$688,705**	**$25,864**	**3.9**
	Aid Per Capita ($)	660	685	26	3.9
	Property Tax Equivalent ($)	0.41	0.42	0.01	2.4

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Montgomery County for teachers, librarians, and community college faculty are estimated to be $184,496,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$3,576,000
Medical Care Services	3,418,000
Mental Health	33,945,000
Family Health and Chronic Disease	1,809,000
Developmental Disabilities	81,818,000
Social Services	
Homeless Services	278,000
Women's Services	368,000
Adult Services	741,000
Child Welfare Services	4,582,000
Senior Citizen Services	
Long-term Care	1,279,000
Community Services	200,000

C. Selected State Grants for Capital Projects

Public Schools

Beverly Farms Elementary School – construction	$1,048,000
Brooke Grove Elementary School – renovations (roof)	553,000
Burtonsville Elementary School – renovations (roof)	555,000
Clarksburg Elementary School – renovations (roof)	344,000
Damascus High School – renovations (HVAC)	823,000
Fairland Elementary School – renovations (HVAC)	449,000
Glenallan Elementary School – construction	1,600,000
Herbert Hoover Middle School – construction	1,600,000
Lois P. Rockwell Elementary School – renovations (roof)	367,000
Neelsville Elementary School – renovations (HVAC)	798,000
Paint Branch High School – construction	9,600,000
Redland Middle School – construction	712,000
Ridgeview Middle School – construction	3,511,000
Robert Frost Middle School – renovations (roof)	524,000
Sherwood Elementary School – renovations (HVAC)	973,000
Stedwick Elementary School – renovations (HVAC)	887,000
Stone Mill Elementary School – renovations (HVAC)	199,000
Strathmore Elementary School – renovations (roof)	332,000
Takoma Park Elementary School – renovations (HVAC)	649,000
Thomas W. Pyle Middle School – renovations (HVAC)	898,000
Viers Mill Elementary School – renovations (roof)	587,000

Montgomery College

Germantown – Bioscience Education Center	4,971,000
Rockville – Science Center	1,000,000

Community Health Facilities Grant Program

Housing Opportunities Commission	835,000
Housing Unlimited, Inc.	650,000
St. Luke's House, Inc.	1,500,000

Partnership Rental Housing Program

Aspen Court	2,100,000

Community Parks and Playgrounds

Griffith Park	66,000

African American Heritage Preservation Grant Program

Sandy Spring Odd Fellows Lodge – renovation	100,000

Other Projects

Bohrer Park – miniature golf course	150,000
Charles E. Smith Life Communities	350,000
Holy Cross Hospital	1,300,000
Identity House	130,000
Jewish Foundation for Group Homes, Inc.	150,000
Ken-Gar Community Center	100,000
Kids International Discovery Museum	50,000
Laytonsville District Volunteer Fire Station	150,000
Maryland Youth Ballet	100,000
Melvin J. Berman Hebrew Academy	100,000
Montgomery Village – pavilion	30,000
Olney Boys and Girls Club Community Park	75,000
Olney Theatre Center	125,000
Potomac Community Resources Home	100,000
Residential Continuum, Inc. – group home renovations	100,000
Silver Spring Library – Pyramid Atlantic Art Center Space	175,000
St. Luke's House and Threshold Services United, Inc.	150,000
Takoma Park Presbyterian Church – Takoma Park Silver Spring Community Kitchen	250,000
The Writer's Center	250,000
West Fairland Local Park	125,000

D. Capital Projects for State Facilities in the County

University System of Maryland

Shady Grove – Biomedical Sciences and Engineering Education Facility	$5,000,000
Shady Grove – parking garage	20,000,000

Prince George's County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$485,908	$499,623	$13,716	2.8
	Compensatory Education	221,064	235,526	14,462	6.5
	Student Transportation	36,853	36,966	113	0.3
	Special Education	60,634	60,488	-146	-0.2
	Limited English Proficiency Grants	61,517	68,564	7,047	11.5
	Geographic Cost of Education Index	38,293	38,610	318	0.8
	Adult Education	616	890	274	44.5
	Aging Schools	6,159	1,209	-4,949	-80.4
	Other Education Aid	2,283	2,255	-28	-1.2
	Primary & Secondary Education	**$913,327**	**$944,131**	**$30,807**	**3.4**
	Libraries	6,289	6,524	235	3.7
	Community Colleges	23,644	25,992	2,348	9.9
	Health Formula Grant	5,110	5,378	268	5.2
*	Transportation	4,641	8,133	3,492	75.2
*	Police and Public Safety	15,806	18,918	3,112	19.7
*	Fire and Rescue Aid	1,137	1,137	0	0.0
	Recreation and Natural Resources	2,168	4,548	2,380	109.8
	Disparity Grant	21,695	21,695	0	0.0
	Teachers Retirement Supplemental Grant	9,629	9,629	0	0.0
	Video Lottery Terminal Impact Aid	1,000	1,000	0	0.0
*	Other Direct Aid	0	169	169	n/a
	Total Direct Aid	**$1,004,446**	**$1,047,254**	**$42,808**	**4.3**
	Aid Per Capita ($)	1,140	1,189	49	4.3
	Property Tax Equivalent ($)	1.27	1.38	0.12	9.4

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Prince George's County for teachers, librarians, and community college faculty are estimated to be $120,431,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$10,553,000
Medical Care Services	3,598,000
Mental Health	33,964,000
Family Health and Chronic Disease	4,332,000
Developmental Disabilities	70,280,000
Social Services	
Homeless Services	585,000
Women's Services	396,000
Adult Services	624,000
Child Welfare Services	12,270,000
Senior Citizen Services	
Long-term Care	1,039,000
Community Services	196,000

C. Selected State Grants for Capital Projects

Public Schools

Annapolis Road Academy – renovations (unit ventilators)	$387,000
Apple Grove Elementary School – renovations (HVAC)	440,000
Barnaby Manor Elementary School – renovations (roof)	202,000
Bond Mill Elementary School – renovations (boilers)	384,000
Bowie High School – renovations (air conditioning/boilers)	940,000
Buck Lodge Middle School – renovations (chillers)	426,000
C. Elizabeth Rieg Special Education School – renovations (roof)	633,000
Carole Highlands Elementary School – renovations (chiller)	257,000
Chapel Forge Early Childhood Center – renovations (boilers)	273,000
Columbia Park Elementary School – renovations (piping)	440,000
Cool Spring Elementary School – renovations (chiller)	258,000
Drew Freeman Middle School – renovations (chiller)	479,000
Duval High School – construction	330,000
Eugene Burroughs Middle School – construction	4,850,000
Fairmont Heights High School – construction	5,985,000
Frances R. Fuchs Special Education School – renovations (boilers)	330,000
Frederick Douglass High School – renovations (RTU)	478,000
Gwynn Park High School – renovations (roof)	1,229,000
Heather Hills Elementary School – renovations (boilers)	330,000
James R. Randall Elementary School – renovations (piping)	330,000
Kenilworth Elementary School – renovations (piping)	440,000
Margaret Brent Special Center – renovations (chiller)	260,000
Montpelier Elementary School – renovations (chiller)	241,000
Nicholas Orem Middle School – renovations (piping)	550,000
North Forestville Elementary School – renovations (piping)	440,000
Pointer Ridge Elementary School – renovations (boilers)	330,000
Princeton Elementary School – renovations (piping)	62,000
Rockledge Elementary School – renovations (boilers)	331,000
Rogers Heights Elementary School – renovations (unit ventilators)	440,000
Seabrook Elementary School – renovations (piping)	275,000
Springhill Lake Elementary School – renovations (piping)	440,000
Tall Oaks Vocational High School – renovations (piping)	550,000
Thomas Pullen Elementary/Middle School – renovations (piping)	550,000
Thomas Stone Elementary School – renovations (piping)	440,000
Thurgood Marshall Middle School – renovations (piping)	550,000
William Schmidt Environmental Education Center – renovations (piping)	330,000
William Wirt Middle School – renovations (piping)	550,000

Prince George's Community College

Facilities Management Building – renovation and addition	4,959,000
Queen Anne Academic Center – renovation and addition	1,417,000

Community Parks and Playgrounds

Bladensburg Tot Lot	121,000
District Heights Athletic Fields	147,000
Greenspring Park	82,000
North Brentwood Neighborhood Playground	91,000
Pop's Park	91,000
Riverside Park Community Playground	195,000

Other Projects

Alice Ferguson Foundation, Inc. – Potomac Watershed Study Center	1,700,000
Berwyn Heights – Town Administration Building and Senior Center	80,000
Bethel Recreation Center	100,000
Bowie Lions Club	25,000
Central High School – infrastructure improvements	500,000
Chesapeake Math and IT Academy, Inc.	250,000
Cheverly American Legion Post 108	40,000
Cheverly Community Church – kitchen and social hall	150,000
District Heights – senior day facility	250,000
Eagle Harbor – artesian well restoration	50,000
Glassmanor Recreational Center	125,000
Green Branch Athletic Complex	1,000,000
Hillel Center for Social Justice	1,000,000
Holy Trinity Episcopal Day School	50,000
Lake Arbor Foundation, Inc.	250,000
Laurel Armory Anderson Murphy Community Center	100,000
National Philippine Multi-Cultural Center	100,000
New Horizons Disability Job Training and Recycling Center	200,000
New Revival Center of Renewal	150,000
Olde Mill Community and Teaching Center	150,000
Palmer Park Boys and Girls Club	50,000
Peppermill Village Community Center	150,000
Potomac High School – stadium and track construction	125,000
Pregnancy Aid Center	100,000
Prince George's Hospital System	30,000,000

Riverdale Park – Youth and Community Center	250,000
St. Ann's Center for Children, Youth and Families	80,000

D. Capital Projects for State Facilities in the County

Department of Juvenile Justice

Cheltenham Youth Facility – construct detention center	$21,362,000

University System of Maryland

Bowie State – Leonidas James Physical Education Complex	1,500,000
Bowie State – Natural Sciences Center	4,500,000
College Park – Bioengineering Building	5,000,000
College Park – campuswide infrastructure improvements	10,000,000
College Park – Central Maryland Research and Education Center	1,750,000
College Park – Edward St. John Learning and Teaching Center	3,420,000
College Park – H. J. Patterson Hall renovations	878,000
College Park – high rise residence hall air conditioning	9,560,000
College Park – Physical Sciences Complex	5,300,000
College Park – remote library storage facility	6,107,000

Queen Anne's County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$20,098	$20,807	$709	3.5
	Compensatory Education	4,819	4,944	125	2.6
	Student Transportation	3,213	3,205	-8	-0.2
	Special Education	2,266	2,381	115	5.1
	Limited English Proficiency Grants	362	413	50	13.8
	Geographic Cost of Education Index	558	564	5	0.9
	Adult Education	427	185	-243	-56.9
	Aging Schools	255	50	-205	-80.4
	Other Education Aid	762	759	-3	-0.4
	Primary & Secondary Education	**$32,760**	**$33,308**	**$ 545**	**1.7**
	Libraries	134	135	2	1.5
	Community Colleges	1,674	1,827	153	9.1
	Health Formula Grant	426	449	22	5.2
*	Transportation	633	785	152	24.0
*	Police and Public Safety	266	425	158	59.4
*	Fire and Rescue Aid	200	200	0	0.0
	Recreation and Natural Resources	106	218	112	105.7
	Total Direct Aid	**$36,199**	**$37,347**	**$1,148**	**3.2**
	Aid Per Capita ($)	745	769	24	3.2
	Property Tax Equivalent ($)	0.45	0.49	0.03	6.7

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Queen Anne's County for teachers, librarians, and community college faculty are estimated to be $7,154,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$512,000
Medical Care Services	310,000
Mental Health	1,863,000
Family Health and Chronic Disease	449,000
Developmental Disabilities	4,036,000
Social Services	
Homeless Services	11,000
Women's Services	19,000
Adult Services	42,000
Child Welfare Services	545,000
Senior Citizen Services	
Long-term Care	114,000
Community Services	36,000

C. Selected State Grants for Capital Projects

Public Schools

Stevensville Middle School – construction	$2,000,000

Chesapeake College

Center for Allied Health and Athletics	5,416,000

Shelter and Transitional Facilities

Our Haven Shelter	300,000

African American Heritage Preservation Grant Program

Kennard High School – restoration	100,000

Other Projects

Kennard High School – restoration	300,000
Wye River Upper School – Maryland National Guard Armory	200,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Matapeake Marine Terminal – replace bulkhead and install floating dock	$1,200,000

St. Mary's County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$66,339	$65,990	-$349	-0.5
	Compensatory Education	15,024	15,563	539	3.6
	Student Transportation	6,538	6,555	17	0.3
	Special Education	5,362	4,989	-374	-7.0
	Limited English Proficiency Grants	522	607	85	16.3
	Geographic Cost of Education Index	226	228	2	0.9
	Adult Education	202	205	3	1.5
	Aging Schools	255	50	-205	-80.4
	Other Education Aid	774	774	1	0.1
	Primary & Secondary Education	**$95,242**	**$94,961**	**-$281**	**-0.3**
	Libraries	590	601	10	1.7
	Community Colleges	2,506	2,673	166	6.6
	Health Formula Grant	825	868	43	5.2
*	Transportation	971	1,085	115	11.8
*	Police and Public Safety	559	919	360	64.4
*	Fire and Rescue Aid	200	200	0	0.0
	Recreation and Natural Resources	192	404	212	110.4
	Total Direct Aid	**$101,085**	**$101,711**	**$626**	**0.6**
	Aid Per Capita ($)	927	933	6	0.6
	Property Tax Equivalent ($)	0.83	0.85	0.02	2.4

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for St. Mary's County for teachers, librarians, and community college faculty are estimated to be $16,083,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$2,895,000
Medical Care Services	463,000
Mental Health	4,663,000
Family Health and Chronic Disease	547,000
Developmental Disabilities	8,673,000
Social Services	
Homeless Services	54,000
Women's Services	198,000
Adult Services	90,000
Child Welfare Services	1,343,000
Senior Citizen Services	
Long-term Care	143,000
Community Services	58,000

C. Selected State Grants for Capital Projects

Public Schools

Second New Elementary School – construction	$6,363,000

College of Southern Maryland

Hughesville – Center for Regional Programs	3,324,000

Partnership Rental Housing Program

Spring Valley Apartments	859,200

Community Parks and Playgrounds

Port of Leonardtown Public Park	163,000

African American Heritage Preservation Grant Program

Sotterley Plantation – improvements	100,000

Other Projects

Innovative Center for Autonomous Systems Development	250,000
Lexington Park Rescue Squad Building	125,000
Southern Maryland Regional Higher Education Center	1,500,000

D. Capital Projects for State Facilities in the County

General Government

St. Mary's County District Court and Multi-Service Center – land acquisition	$300,000

Department of Natural Resources

Piney Point Natural Resources Police Facility – pier improvements	500,000
Point Lookout State Park – charge collection system improvements	98,000

Maryland Environmental Service

Charlotte Hall Veterans Home – wastewater treatment plant improvements	1,700,000
Southern Pre-Release Unit – wastewater treatment plant improvements	1,500,000

St. Mary's College

Anne Arundel Hall – reconstruction	4,580,000

Somerset County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$11,994	$13,014	$1,020	8.5
	Compensatory Education	7,043	8,683	1,640	23.3
	Student Transportation	1,766	1,792	26	1.5
	Special Education	1,479	1,642	164	11.1
	Limited English Proficiency Grants	352	500	148	42.0
	Guaranteed Tax Base	488	1,046	557	114.1
	Adult Education	150	150	0	0.0
	Aging Schools	195	38	-157	-80.5
	Other Education Aid	440	450	10	2.3
	Primary & Secondary Education	**$23,907**	**$27,315**	**$3,408**	**14.3**
	Libraries	263	270	7	2.7
	Community Colleges	726	717	-9	-1.2
	Health Formula Grant	438	461	23	5.3
*	Transportation	514	659	145	28.2
*	Police and Public Safety	162	244	82	50.6
*	Fire and Rescue Aid	209	209	0	0.0
	Recreation and Natural Resources	49	98	49	100.0
	Total Direct Aid	**$31,558**	**$35,263**	**$3,705**	**11.7**
	Aid Per Capita ($)	1,202	1,343	141	11.7
	Property Tax Equivalent ($)	2.13	2.45	0.33	15.5

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Somerset County for teachers, librarians, and community college faculty are estimated to be $3,234,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$921,000
Medical Care Services	256,000
Mental Health	2,939,000
Family Health and Chronic Disease	648,000
Developmental Disabilities	2,184,000
Social Services	
Homeless Services	6,000
Women's Services	91,000
Adult Services	74,000
Child Welfare Services	843,000
Senior Citizen Services	
Long-term Care	526,000
Community Services	277,000

Note: A portion of women's services funding supports services in Somerset, Wicomico, and Worcester counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.

C. Selected State Grants for Capital Projects

Public Schools

Greenwood Elementary School – renovations (HVAC/roof)	$3,691,000

Public Libraries

Crisfield Library – construction	3,000,000

Community Parks and Playgrounds

Manokin Park	168,000

Waterway Improvement

Crisfield – City Depot dock improvements	99,000

African American Heritage Preservation Grant Program

St. James Methodist Episcopal Church – improvements	100,000

D. Capital Projects for State Facilities in the County

Department of Natural Resources

Janes Island State Park – cabin renovations and replacement	$800,000
Somers Cove Marina – pier renovations and fire protection improvements	200,000

University System of Maryland

Eastern Shore – Engineering and Aviation Science Building	22,695,000

Talbot County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$4,334	$4,381	$47	1.1
	Compensatory Education	4,239	4,332	93	2.2
	Student Transportation	1,527	1,526	-1	-0.1
	Special Education	840	839	-1	-0.1
	Limited English Proficiency Grants	544	660	116	21.3
	Adult Education	0	164	164	n/a
	Aging Schools	195	38	-157	-80.5
	Other Education Aid	442	458	15	3.4
	Primary & Secondary Education	**$12,121**	**$12,398**	**$ 276**	**2.3**
	Libraries	106	106	1	0.9
	Community Colleges	1,459	1,621	162	11.1
	Health Formula Grant	336	353	18	5.4
*	Transportation	585	1,051	465	79.5
*	Police and Public Safety	264	428	164	62.1
*	Fire and Rescue Aid	216	216	0	0.0
	Recreation and Natural Resources	110	229	118	107.3
	Total Direct Aid	**$15,197**	**$16,402**	**$1,205**	**7.9**
	Aid Per Capita ($)	399	431	32	8.0
	Property Tax Equivalent ($)	0.16	0.19	0.02	12.5

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Talbot County for teachers, librarians, and community college faculty are estimated to be $4,349,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$627,000
Medical Care Services	263,000
Mental Health	2,087,000
Family Health and Chronic Disease	468,000
Developmental Disabilities	3,053,000
Social Services	
Homeless Services	28,000
Women's Services	19,000
Adult Services	45,000
Child Welfare Services	751,000
Senior Citizen Services	
Long-term Care	351,000
Community Services	121,000

Note: Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.

C. Selected State Grants for Capital Projects

Public Schools	
Chapel District Elementary School – renovations (chiller)	$122,000
Chesapeake College	
Center for Allied Health and Athletics	5,416,000
Chesapeake Bay Water Quality Projects	
Talbot County – sewer system infrastructure improvements	550,000
Water Supply Financial Assistance Program	
Talbot County – water system infrastructure improvements	450,000
African American Heritage Preservation Grant Program	
Asbury Methodist Episcopal Church – restoration	100,000
Bethel AME Church – improvements	18,000
Other Projects	
Eastern Shore Conservation Center	1,000,000
Easton Head Start Center	150,000
Oxford Community Center	100,000
Shore Health System	540,000

Washington County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2013	FY 2014	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$94,698	$96,935	$2,237	2.4
Compensatory Education	39,506	40,281	776	2.0
Student Transportation	6,780	6,817	37	0.5
Special Education	8,485	7,908	-577	-6.8
Limited English Proficiency Grants	1,706	1,674	-31	-1.8
Guaranteed Tax Base	4,701	4,939	238	5.1
Adult Education	126	129	3	2.4
Aging Schools	687	135	-552	-80.3
Other Education Aid	1,362	1,410	49	3.6
Primary & Secondary Education	**$158,051**	**$160,228**	**$2,180**	**1.4**
Libraries	1,158	1,155	-3	-0.3
Community Colleges	8,065	8,431	366	4.5
Health Formula Grant	1,409	1,483	74	5.3
* Transportation	1,534	2,655	1,121	73.1
* Police and Public Safety	960	1,487	528	55.0
* Fire and Rescue Aid	231	231	0	0.0
Recreation and Natural Resources	302	629	327	108.3
Disparity Grant	0	1,546	1,546	n/a
Total Direct Aid	**$171,710**	**$177,845**	**$6,135**	**3.6**
Aid Per Capita ($)	1,151	1,192	41	3.6
Property Tax Equivalent ($)	1.34	1.44	0.10	7.5

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Washington County for teachers, librarians, and community college faculty are estimated to be $21,968,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$2,391,000
Medical Care Services	941,000
Mental Health	11,344,000
Family Health and Chronic Disease	678,000
Developmental Disabilities	12,287,000
Social Services	
Homeless Services	165,000
Women's Services	227,000
Adult Services	297,000
Child Welfare Services	4,722,000
Senior Citizen Services	
Long-term Care	280,000
Community Services	99,000

C. Selected State Grants for Capital Projects

Public Schools

Bester Elementary School – construction	$3,792,000
Boonsboro High School – renovations (windows/doors)	491,000
Boonsboro Middle School – renovations (windows/doors)	164,000
Clear Spring Middle School – renovations (roof)	554,000
E. Russell Hicks Middle School – renovations (HVAC/windows/doors)	2,208,000
Funkstown Elementary School – renovations (HVAC/ceiling/lighting)	418,000
Marshall Street Elementary School – renovations (boiler)	204,000

Public Libraries

Hancock Library – construction	1,508,000

Hagerstown College

Athletic Recreation and Community Center – roof replacement	666,000
Student Center – expansion	4,525,000

Community Parks and Playgrounds

City of Hagerstown	26,000

Water Supply Financial Assistance Program

Sharpsburg Water Treatment Plant – improvements	366,000
Williamsport – water tank improvements	160,000

Other Projects

Antietam Fire Company	85,000
C&O Canal Nat'l Historic Park – Lockhouse 44/Lock 44/Western MD Railroad	100,000

Wicomico County

A. Direct Aid and Retirement Payments

1. Direct Aid

		FY 2013	FY 2014	$ Diff.	% Diff.
		($ in Thousands)			
	Foundation Aid	$65,494	$67,292	$1,798	2.7
	Compensatory Education	36,301	37,323	1,022	2.8
	Student Transportation	5,021	5,040	19	0.4
	Special Education	6,645	6,810	166	2.5
	Limited English Proficiency Grants	2,722	3,093	370	13.6
	Guaranteed Tax Base	2,424	3,670	1,246	51.4
	Adult Education	275	0	-275	-100.0
	Aging Schools	543	107	-436	-80.3
	Other Education Aid	842	840	-2	-0.2
	Primary & Secondary Education	**$120,267**	**$124,175**	**$3,908**	**3.2**
	Libraries	897	911	14	1.6
	Community Colleges	4,862	4,966	104	2.1
	Health Formula Grant	967	1,018	51	5.3
*	Transportation	1,165	2,113	948	81.4
*	Police and Public Safety	665	1,087	421	63.3
*	Fire and Rescue Aid	232	232	0	0.0
	Recreation and Natural Resources	207	424	217	104.8
	Disparity Grant	2,197	6,654	4,457	202.9
	Teachers Retirement Supplemental Grant	1,568	1,568	0	0.0
	Total Direct Aid	**$133,027**	**$143,148**	**$10,121**	**7.6**
	Aid Per Capita ($)	1,322	1,422	101	7.6
	Property Tax Equivalent ($)	2.00	2.27	0.28	14.0

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Wicomico County for teachers, librarians, and community college faculty are estimated to be $14,433,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$1,280,000
Medical Care Services	839,000
Mental Health	10,043,000
Family Health and Chronic Disease	797,000
Developmental Disabilities	7,934,000
Social Services	
Homeless Services	26,000
Women's Services	91,000
Adult Services	26,000
Child Welfare Services	1,550,000
Senior Citizen Services	
Long-term Care	526,000
Community Services	322,000

Note: A portion of women's services funding supports services in Somerset, Wicomico, and Worcester counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.

C. Selected State Grants for Capital Projects

Public Schools

Bennett Middle School – construction	$9,235,000
Mardela Middle/High School – renovations (roof)	200,000
Pittsville Elementary/Middle School – renovations (HVAC/windows/doors)	400,000

Chesapeake Bay Water Quality Projects

Salisbury WWTP – nutrient removal	13,100,000

Chesapeake Bay Restoration Fund

Salisbury WWTP – enhanced nutrient removal	11,700,000

Water Supply Financial Assistance Program

Sharptown Water Treatment Facility – upgrade	319,000

African American Heritage Preservation Grant Program

Charles H. Chipman Center – improvements	100,000

Other Projects

YMCA of the Chesapeake	250,000

D. Capital Projects for State Facilities in the County

University System of Maryland

Salisbury University – Academic Commons/Library	$6,572,000
Salisbury University – campuswide dormitory renovations	5,000,000
Salisbury University – Delmarva Public Radio	900,000

Worcester County

A. Direct Aid and Retirement Payments

1. Direct Aid

	FY 2013	FY 2014	$ Diff.	% Diff.
	($ in Thousands)			
Foundation Aid	$6,329	$6,395	$66	1.0
Compensatory Education	7,030	7,228	198	2.8
Student Transportation	2,883	2,886	3	0.1
Special Education	1,603	1,731	128	8.0
Limited English Proficiency Grants	370	408	39	10.5
Adult Education	119	121	2	1.7
Aging Schools	195	38	-157	-80.5
Other Education Aid	582	582	0	0.0
Primary & Secondary Education	**$19,111**	**$19,389**	**$ 279**	**1.5**
Libraries	144	144	0	0.0
Community Colleges	1,940	1,981	42	2.2
Health Formula Grant	320	338	18	5.6
* Transportation	1,011	1,597	585	57.9
* Police and Public Safety	458	653	196	42.8
* Fire and Rescue Aid	260	260	0	0.0
Recreation and Natural Resources	206	415	209	101.5
Video Lottery Terminal Impact Aid	2,129	2,372	242	11.4
Total Direct Aid	**$25,579**	**$27,149**	**$1,570**	**6.1**
Aid Per Capita ($)	496	526	30	6.0
Property Tax Equivalent ($)	0.16	0.18	0.02	12.5

* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees. Fiscal 2014 State payments for Worcester County for teachers, librarians, and community college faculty are estimated to be $8,492,000.

B. Estimated State Spending on Selected Health and Social Services

The Departments of Aging, Human Resources, and Health and Mental Hygiene and the Governor's Office of Crime Control and Prevention fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2014 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2013) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

Health Services	
Alcohol and Drug Abuse	$2,157,000
Medical Care Services	411,000
Mental Health	3,067,000
Family Health and Chronic Disease	694,000
Developmental Disabilities	4,137,000
Social Services	
Homeless Services	26,000
Women's Services	116,000
Adult Services	52,000
Child Welfare Services	868,000
Senior Citizen Services	
Long-term Care	526,000
Community Services	281,000

Note: A portion of women's services funding supports services in Somerset, Wicomico, and Worcester counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.

C. Selected State Grants for Capital Projects

Public Schools

Snow Hill High School – construction	$4,200,000

Community Parks and Playgrounds

Henry Park	66,000
Ocean City Skate Park	30,000

Other Projects

Diakonia, Inc.	350,000
Ocean City Convention Center Performing Arts Venue	3,500,000

Part B
Taxes

Property Tax

Homestead Property Tax Credit

The Homestead Property Tax Credit Program (assessment caps) provides tax credits against State, county, and municipal real property taxes for owner-occupied residential properties for the amount of real property taxes resulting from an annual assessment increase that exceeds a certain percentage or "cap" in any given year. The State requires the cap on assessment increases to be set at 10% for State property tax purposes; however, local governments have the authority to set their caps between 0% and 10%.

Application Deadline Extension

The increase in the number of properties receiving the Homestead Property Tax Credit in the early 2000s and the difficulties in verifying eligibility prompted concerns over potential abuses or fraud. This concern led to the enactment of Chapters 564 and 565 of 2007, which required homeowners to file an application with the State Department of Assessments and Taxation (SDAT) to qualify for the Homestead Property Tax Credit. Under current law, SDAT is prohibited from authorizing the credit, and the State, county, and municipal governments are prohibited from granting the credit, unless the application is filed (1) by July 1 of the first taxable year for which the property tax credit is to be allowed or (2) on or before December 31, 2012, for a dwelling that was last transferred to new ownership on or before December 31, 2007.

As of January 2013, SDAT reported that it had received approximately 1.1 million Homestead Property Tax Credit applications, including 175,000 received between September 1 and December 31, 2012. However, there was some concern that, for a variety of reasons, there were still homeowners who did not file an application by the deadline and would lose the property tax credit even though they met the other eligibility criteria. As a result, legislation was introduced during the 2013 session to extend the application filing deadline.

Senate Bill 158/House Bill 128 (Chs. 25 and 26) extend, from December 31, 2012, to December 30, 2013, the date by which homeowners must file the application for the Homestead Property Tax Credit with SDAT. ***Chapters 25 and 26*** also alter the date by which an application for the Homestead Property Tax Credit must be filed for a newly purchased home by requiring the application to be filed by May 1 preceding the first taxable year for which the property tax credit is allowed.

Property Tax Administration

Residential Real Property Valuation Database

Real property is valued and assessed once every three years. This approach, the triennial assessment process, was part of major property tax reform established in 1979. ***House Bill 235 (passed)*** requires SDAT to maintain a database, available to the public on the department's website and searchable by individual property, that relates to the valuation of single-family residential real property and includes for each property (1) the square footage of the enclosed improvements above ground; (2) the square footage of the completed improvements below ground; (3) the number of bathrooms; (4) the number of garages; and (5) the date of the initial assessment of the most recently completed improvements assessed after July 1, 2000.

Statewide Local Option Property Tax Credits

Historically and Architecturally Valuable Property

Senate Bill 144/House Bill 263 (both passed) expand an existing property tax credit for historically and architecturally valuable property by increasing the amount, from up to 10% to up to 25%, of the properly documented expenses incurred by a private owner taxpayer for restoration and preservation expenses for specified historic and architecturally valuable property.

Urban Agricultural Property

Chapter 721 of 2010 authorized local governments to grant a five-year property tax credit for urban agricultural property, which is defined as real property that is at least one-eighth of an acre and not more than two acres in size; located in a priority funding area; and used exclusively for urban agricultural purposes. ***House Bill 1030 (passed)*** increases the maximum size of property that is eligible for the property tax credit from two to five acres.

Personal Property Tax

Personal Property Tax Rate

The State has not imposed personal property taxes since fiscal 1984, and all personal property is exempt from the State property tax. However, counties, municipalities, and special taxing districts are authorized to tax personal property. Under State law, the county personal property tax rate must be set at 2.5 times the county real property tax rate. ***Senate Bill 573/House Bill 1190 (both passed)*** decouple the personal property tax rate from the real property tax rate by authorizing county governments to set a personal property tax rate at no more than 2.5 times the county real property tax rate.

Liens for Unpaid Tax

A political subdivision may impose a lien against personal property consisting of unpaid tax on personal property. ***House Bill 419*** ***(passed)*** specifies that a secured party with a security interest in personal property of a business may elect to satisfy a tax lien on the secured property by (1) providing a notice to each county and municipality owed taxes, as specified, and (2) paying the required pro rata portion of the personal property taxes due and owing, including a pro rata share of accrued penalty and interest under specified conditions. ***House Bill 419*** allows a county or municipality to dispute the amount of the pro rata portion of taxes owed and establishes priority for payments when multiple jurisdictions have liens on personal property. ***House Bill 419*** also grants the secured party a right of contribution from the business for any taxes, penalties, and interest paid by the secured party.

Local Property Taxes

Baltimore City

Senate Bill 900/***House Bill 335*** ***(both passed)*** expand the authorization for Baltimore City to enter into payment in lieu of taxes (PILOT) agreements for economic development projects to allow PILOT agreements for projects located in any part of Baltimore City rather than only for projects located in specified urban renewal areas of Baltimore City.

Baltimore County

Chapter 154 of 2009 authorized Baltimore County to grant a property tax credit against the county property tax for real property owned by the Loreley Beach Community Association. ***Senate Bill 947*** ***(Ch. 77)*** corrects a reference to the Bowerman-Loreley Beach Community Association, Inc. for purposes of the real property tax credit so that the tax credit may be granted.

Calvert County

Senate Bill 656 ***(passed)*** authorizes Calvert County to enter into a negotiated payment in lieu of taxes agreement for all or a specified part of the county real, operating real, personal, or operating personal property owned by a facility for the liquefaction of natural gas that is located or locates in Calvert County. The county real, operating real, personal, or operating personal property of the facility is exempt from Calvert County property taxes for the duration of the agreement. ***Senate Bill 656*** requires the Supervisor of Assessments for Calvert County to assess the real, operating real, personal, or operating personal property of the facility on the written request of the Calvert County government. ***Senate Bill 656*** also extends eligibility for an existing local property tax credit for expanding or new businesses to include a natural gas liquefaction facility.

Howard County

House Bill 450 ***(Ch. 116)*** authorizes Howard County to grant a property tax credit for property located in designated geographic regions of the county; owned by specified classes of persons; and renovated, upgraded, or rehabilitated in accordance with eligibility criteria established by the county.

Montgomery County

House Bill 675 ***(Ch. 134)*** and ***House Bill 677*** ***(Ch. 135)*** both alter the definition of qualified enterprise zone property for purposes of a local property tax credit in Montgomery County. ***House Bill 675*** includes property that (1) is located within the area encompassed by the Burtonsville Crossroads Neighborhood Plan developed by the Montgomery County Planning Department; (2) is zoned for commercial or commercial/residential mixed use development; and (3) has had improvements made on it on or before January 1, 2020. ***House Bill 677*** includes property that (1) is located within the area encompassed by the Glenmont Shopping Center Area, the Metro Station/Layhill Triangle Block, the Winexburg Manor Apartments area, the Glenmont Forest Apartments area, and the Privacy World Area of the Glenmont Sector Plan developed by the Montgomery County Planning Department; (2) is zoned for commercial or commercial/residential mixed use development; and (3) has had improvements made on it on or before January 1, 2025.

Queen Anne's County

Chapter 379 of 2007 authorized Queen Anne's County to grant a property tax credit for real property owned by a business that meets specified criteria related to employment and real property improvements of a nonresidential structure. To be eligible for the property tax credit, a business must (1) make significant real property improvements in the county, including construction, reconstruction, rehabilitation, or expansion of a nonresidential structure and (2) employ at least 25 new additional full-time employees. ***Senate Bill 164***/***House Bill 201*** ***(both passed)*** reduce the minimum number of new employees, from 25 to 12, which are required to be employed for a business in Queen Anne's County to qualify for the property tax credit.

Washington County

Senate Bill 506/***House Bill 551*** ***(both passed)*** authorize Washington County to enter into a negotiated payment in lieu of taxes agreement for all or a specified part of the personal property owned by a technology-related business that is located or locates in Washington County. The personal property of a technology-related business is exempt from Washington County property taxes for the duration of the agreement.

Income Tax

Tax Credit Legislation

New Tax Credits

Cybersecurity Investment Incentive Tax Credit: ***House Bill 803*** ***(passed)*** creates a tax credit against the State income tax for qualified investments in Maryland cybersecurity companies. The refundable credit is equal to 33% of the qualified investment, not to exceed $250,000, and is to be claimed by the Maryland cybersecurity company. The amount of credits that the Department of Business and Economic Development (DBED) can award each year cannot exceed the amount of money appropriated to a reserve fund established by the bill. The bill requires the Governor to appropriate at least $2 million to the reserve fund in each fiscal year. The program terminates June 30, 2019.

It is estimated that the tax credit will increase State expenditures by $3.1 million in fiscal 2014 and by $2 million annually in fiscal 2015 through 2019.

Wineries and Vineyards: ***House Bill 1017*** ***(passed)*** creates a tax credit against the State income tax for 25% of the capital expenses made to either establish or make capital improvements to a winery or vineyard. DBED is required to administer the tax credit and is authorized to award a maximum of $500,000 in credits annually.

Oyster Shell Recycling: ***Senate Bill 484***/***House Bill 184*** ***(both passed)*** create a nonrefundable tax credit against the State income tax equal to $1 for each bushel of oyster shells recycled during the taxable year, not to exceed $750. The program terminates June 30, 2018.

Class F Vehicles: ***House Bill 102*** ***(passed)***, the Budget Reconciliation and Financing Act of 2013, creates a nonrefundable tax credit against the State income tax for the expense of registering a Class F (Tractor) vehicle in the State. In order to qualify, the vehicle must also be titled in the State. The amount of credit may not exceed the lesser of $400 for each qualified vehicle or the tax liability imposed in that year. The credit is available in tax year 2014 through 2016 and is contingent on the taking effect by September 1, 2013, of an increased toll structure at Maryland toll facilities.

It is estimated that the tax credit will decrease total State revenues by about $5 million annually in fiscal 2015 through 2017.

Tax Credit Expansions

House Bill 386 **(*Ch. 109*)** expands the existing research and development tax credit by increasing from $6 million to $8 million the aggregate amount of credits that DBED can approve in each calendar year. The bill also allows the credit to be refundable if the business claiming the credit meets specified criteria.

It is estimated that the expansion of the credit will decrease State revenues by $1.5 million in fiscal 2014 and by about $2.0 million annually thereafter.

***Senate Bill 779*/*House Bill 328* (Chs. 75 and 76)** expand eligibility for the biotechnology investment tax credit by specifying that a biotechnology company that has been in active business for up to 10 years from the date the company first received an investment by an investor eligible to receive the tax credit can qualify as a biotechnology company and be eligible to receive investments for which tax credits can be awarded.

***House Bill 108* (Ch. 82)** increases the maximum sum of contributions eligible for a tax credit offered under the Department of Housing and Community Development's Neighborhood and Community Assistance Program from $2.0 million to $3.5 million each fiscal year. The Act also authorizes the department to give preference to a neighborhood conservation district that is locally designated in coordination with the program when considering approval or disapproval of a proposal for a project under the program and in determining the maximum sum of contributions eligible for the tax credit.

***Senate Bill 482* (passed)** expands the employer security clearance costs tax credit by (1) doubling the maximum value of the credit and (2) specifying that certain rental payments incurred by a small business that performs security-based contracting can qualify for the credit.

Tax Credit Extensions

***Senate Bill 183* (Ch. 28)** increases from $7.5 million to $25 million the total amount of tax credits DBED may award in fiscal 2014 to qualified film production entities under the film production activity tax credit. The bill also extends the termination date of the credit by two years to July 1, 2016. It is estimated that the expansion and extension of the credit will decrease State revenues by $17.5 million in fiscal 2014 and by $7.5 million annually in fiscal 2015 and 2016.

The Maryland Energy Administration is authorized to award a maximum of $600,000 in electric vehicle recharging equipment credits annually. ***House Bill 791* (passed)** extends the termination date of the electric vehicle recharging equipment income tax credit through tax year 2016. Funds from the Strategic Energy Investment Fund must be transferred to the general fund in order to offset revenue losses caused by the tax credit. For a discussion of the vehicle excise tax credit provisions of the bill, see the subpart "Miscellaneous Taxes" within Part B – Taxes of this *90 Day Report*.

***Senate Bill 124*/*House Bill 43* (both passed)** repeal the June 30, 2013 termination date for the Qualifying Employees with Disabilities Tax Credit. The credit allows an employer who hires a qualified individual with disabilities to claim a tax credit for certain wages paid to a certain employees and certain expenses paid on behalf of certain employees.

Subtraction Modifications

Senate Bill 639 ***(passed)*** creates a subtraction modification against the State income tax for the noneconomic damages received by a claimant in satisfaction of a claim of unlawful discrimination. Eligible noneconomic damages received by a taxpayer include amounts received as a result of a claim of unlawful discrimination, whether by judgment or by settlement, minus any compensation for (1) punitive damages; or (2) lost wages, salary, or other compensation attributable to services performed, or that would have been performed, as an employee or a former or prospective employee but for a claimed violation of law.

Senate Bill 404/House Bill 408 ***(both passed)*** expand the existing conservation tillage equipment income tax subtraction modification to include qualified purchases of specified (1) manure spreading equipment; (2) vertical tillage equipment; (3) global positioning system devices used for management of agricultural nutrient applications; and (4) integrated optical sensing and nutrient application systems. The subtraction modification for qualified purchases of vertical tillage equipment is equal to 50% of eligible costs incurred.

Eligible individuals who serve in a volunteer capacity and qualify for active duty service during the tax year qualify for a $3,500 subtraction modification provided under the Honorable Louis L. Goldstein Volunteer Police, Fire, Rescue, and Emergency Medical Services Personnel Subtraction Modification Program. ***Senate Bill 774*** **(*passed*)** expands eligibility of the subtraction modification to include members of the Maryland Civil Air Patrol.

Same-sex Marriage

The Civil Marriage Protection Act of 2012 (Chapter 2) altered the definition of a valid marriage in the State by repealing the reference to a man and a woman and specifying instead that a marriage between two individuals who are not otherwise prohibited from marrying is valid in Maryland, thereby legalizing same-sex marriage in Maryland. The Act was ratified by voter referendum at the November 2012 general election. Although Chapter 2 legalized same-sex marriage, the Act did not amend the State tax laws to reflect the change in the definition of a valid marriage given same-sex marriages are not recognized for federal tax purposes.

House Bill 380 ***(passed)*** specifies that a married couple who does not file a joint or married filing separate federal income tax return is presumed for State income tax purposes to have filed a joint or married filing separate federal return. This presumption is abrogated on the recognition by the federal government of same-sex marriage for purposes of the federal income tax. The bill also specifies that a married individual who qualifies to file as head of household under the federal income tax may continue to file under this status for State income tax purposes.

Senate Bill 658/House Bill 1031 ***(both passed)*** create a subtraction modification under the State income tax for individuals who pay health insurance costs on behalf of another individual if the taxpayer and the individual are recognized by the State as lawfully married. The amount of the subtraction modification equals 100% of eligible costs incurred by the individual, not to exceed the amount that is paid to provide coverage for the spouse and that is subject to federal income tax. For a discussion of the estate tax provisions of the bill, see the subpart "Miscellaneous Taxes" within Part B – Taxes of this *90 Day Report*.

Tax Administration

Chapter 451 of 2012 established the Anne Arundel County warrant intercept program. It authorizes an official of the federal, State, or local government charged with serving a criminal arrest warrant to certify to the Comptroller that an individual who is either a Maryland resident or who receives income from Maryland has an outstanding warrant and to request that the Comptroller withhold the individual's income tax refund. The program applies only to individuals who are residents of Anne Arundel County or have an outstanding warrant from Anne Arundel County. ***Senate Bill 243***/***House Bill 1360*** ***(both passed)*** extend the termination date of the Anne Arundel County warrant intercept program by five years to September 30, 2018.

Senate Bill 613/***House Bill 644*** ***(both passed)*** allow a taxpayer who files an income tax return electronically to use all or a portion of the taxpayer's income tax refund to purchase U.S. savings bonds beginning in the year 2015.

Sales Tax

Parent-teacher Organization Fundraisers

Under the State sales and use tax law, sales made by an elementary or secondary school or a nonprofit parent-teacher organization for the sale of magazine subscriptions in a fundraising campaign are exempt from the State sales and use tax. ***House Bill 232*** ***(passed)*** exempts from the sales and use tax all sales made by a parent-teacher organization or other organization regardless of profit within an elementary or secondary school in the State or within a local school system in the State.

Miscellaneous Taxes

Transportation Taxes

Transportation Infrastructure Investment Act of 2013

The Transportation Trust Fund (TTF) is a nonlapsing special fund that provides funding for transportation projects. It consists of tax and fee revenues, operating revenues, bond proceeds, and fund transfers. However, in recent years, concerns have been raised that the State lacks adequate funding to build new transportation infrastructure. As a result, legislation was proposed and passed during the 2013 session to increase funding in this area.

The State motor fuel tax rate per gallon is currently 23.5 cents for gasoline, 24.25 cents for special fuel (diesel), 7.0 cents for aviation gasoline and turbine fuel, and 23.5 cents for clean burning fuel.

House Bill 1515 ***(passed)*** increases transportation funding by increasing motor fuel taxes and requiring the Maryland Transit Administration (MTA) to increase base fare prices beginning in fiscal 2015. The bill also increases the vehicle registration fee surcharge, requires the Governor to include in the operating or capital budget specified appropriations to the State Highway Administration, and places procedural restrictions on transfers from the TTF and use of TTF monies.

The bill specifically alters motor fuel taxes by:

- indexing motor fuel tax rates, except for aviation and turbine fuel, to inflation beginning in fiscal 2014;
- imposing a 1% sales and use tax equivalent rate on all motor fuel, except for aviation and turbine fuel, beginning in fiscal 2014, increasing to 2% beginning on January 1, 2015, and to 3% beginning in fiscal 2016;
- unless federal remote sales tax legislation is enacted by December 1, 2015, the sales and use tax equivalent rate increases from 3% to 4% beginning January 1, 2016, and then increases to 5% beginning in fiscal 2017; and
- if federal remote sales tax legislation is enacted and takes effect by December 1, 2015, the sales and use tax equivalent rate remains at 3% and the Comptroller is then required to distribute 4% of total State sales and use tax revenues to TTF.

Exhibit B-1 illustrates the fiscal effect and the cumulative increase in motor fuel tax rates under ***House Bill 1515***.

Exhibit B-1

Cumulative Tax Rate Increase and Estimated Revenue Impact

Fiscal 2014-2018
($ in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Rate Increase*					
Gasoline	3.8¢	8.0¢	15.7¢	20.2¢	21.1¢
Special Fuel	3.8¢	8.1¢	15.8¢	20.3¢	21.2¢
Revenues					
Sales and Use Tax Equivalent Rate	$100.4	$157.4	$328.7	$339.6	$350.4
Contingent Rate Increase**	0	0	54.6	204.0	210.0
CPI Indexing	15.7	30.7	49.4	68.3	87.4
Total Increase – MDOT	**$116.1**	**$188.1**	**$432.7**	**$611.9**	**$647.8**

*Rate in effect as of June 30 of each fiscal year.

**Unless certain federal legislation is enacted by December 1, 2015, the sales and use tax equivalent rate increases from 3% to 4% beginning January 1, 2016, and increases to 5% beginning in fiscal 2017.

Source: Department of Legislative Services

Maryland Department of Transportation (MDOT)

Motor Fuel Tax and Vessel Excise Tax – Waterway Improvement Fund

Senate Bill 90 ***(passed)*** places a vessel excise tax cap of $15,000 per vessel. Previously, the State imposed no maximum limit on the excise tax. In addition, the bill allocates 0.5% of motor fuel tax revenue to the Waterway Improvement Fund, subject to a contingency related to the payment of specified transportation bonds. ***Senate Bill 90*** requires the Department of Natural Resources to provide annual reports for three years beginning August 1, 2014, to the Governor and the General Assembly on the number and type of vessels registered in the State and the health of the boating industry. The bill also creates a Task Force to Study Enhancing Boating and the Boating Industry in Maryland to evaluate options and make recommendations for improving boating and the boating industry in the State. The excise tax cap and task force provisions in the bill terminate on June 30, 2016.

Tax Credits for Electric Vehicles

House Bill 791 ***(passed)*** extends the termination date of the income tax credit for electric vehicle recharging equipment through tax year 2016. The bill also extends, subject to available funding, the qualified electric vehicle excise tax credit for a plug-in electric vehicle that is titled on or after October 1, 2010, but before July 1, 2014, but modifies the amount of the tax credits. The bill authorizes the Maryland Energy Administration to award a maximum of $600,000 in recharging equipment credits annually, and $1,287,000 in electric vehicle excise tax credits is made available in fiscal 2014. Funds from the Strategic Energy Investment Fund must be transferred to the general fund and TTF in order to offset revenue losses caused by the tax credits.

Short-term Rental of Motorcycles

***Senate Bill 486*/*House Bill 523* (both passed)** include motorcycle rentals in the definition of "short-term vehicle rental" for purposes of the State sales and use tax so that the rentals are subject to the 11.5% sales tax rate applicable to short-term vehicle rentals. The bills also include motorcycles in the definition of "rental vehicle" for purposes of the motor vehicle law, which will exempt motorcycle rentals from the motor vehicle excise tax, and specify that rental motorcycles are subject to a $35 annual vehicle registration fee.

Recordation and Transfer Taxes

An exemption from recordation and State transfer taxes exists for a transfer of real property between a parent corporation and its subsidiaries or between multiple subsidiaries that are wholly owned by the same parent corporation, if the transfer meets several additional criteria. ***Senate Bill 202/House Bill 372* (both passed)** expand this exemption from the recordation tax and the State transfer tax to limited liability companies and their subsidiaries for a transfer of real property, subject to the same limitations.

Chapter 2 of the First Special Session of 2012 applied the local recordation tax to an "indemnity mortgage" in the same manner as if the guarantor were primarily liable for the guaranteed loan, unless the recordation tax is paid on another instrument of writing that secures the payment of the guaranteed loan or the indemnity mortgage secures a guarantee of repayment of a loan for less than $1.0 million. An indemnity mortgage includes any mortgage, deed of trust, or other security interest in real property that secures a guarantee of repayment of a loan for which the guarantor is not primarily liable. ***Senate Bill 436*/*House Bill 1209* (both passed)** make several changes to the application of local recordation taxes to indemnity mortgages. The bills clarify that only indemnity mortgages recorded on or after July 1, 2012, are subject to recordation tax on the original loan amount.

In addition, the bills:

- increase the value of an indemnity mortgage that is exempt from recordation tax to $3.0 million;
- require that a series of indemnity mortgages that are part of the same transaction be considered as one transaction for purposes of the tax;
- allow indemnity mortgages recorded before July 1, 2012, to be amended without incurring the recordation tax on the original loan amount;

- specify that an indemnity mortgage that is recorded in multiple counties is not subject to the recordation tax on the full value of the mortgage in each county;
- require that recordation tax be paid on the difference between the unpaid principal balance of the original loan and the amount of any new loan; and
- allow commercial mortgages, including indemnity mortgages, to be refinanced without incurring recordation tax in the same manner as residential mortgages.

Senate Bill 730/House Bill 1236 ***(both passed)*** provide additional relief from the recordation tax and State and county transfer taxes by altering the way consideration is determined when a controlling interest is conveyed in a real property entity that has developed real property under the federal Low Income Housing Tax Credit Program. Under these bills, the consideration for purposes of calculating the recordation tax and State and county transfer taxes is the actual payment made by the purchaser to the seller for the purchase of the interest.

Estate Tax

The Civil Marriage Protection Act of 2012 (Chapter 2) altered the definition of a valid marriage in the State by repealing the reference to a man and a woman and specifying instead that a marriage between two individuals who are not otherwise prohibited from marrying is valid in Maryland. The Act was ratified by voter referendum at the November 2012 general election. Although the Act legalized same-sex marriage, the Act did not amend State tax laws to specifically provide for the administration of State income, inheritance, and estate taxes as it relates to same-sex couples. ***Senate Bill 658/House Bill 1031*** ***(both passed)*** require, for purposes of calculating the Maryland estate tax, that the term "surviving spouse of a decedent" includes any individual to whom, at the time of the decedent's death, the decedent was lawfully married under the laws of the State. For a discussion of the income tax provisions of this bill, see the subpart "Income Tax" within Part B – Taxes of this *90 Day Report*.

Hotel Rental Taxes

Senate Bill 631 ***(passed)*** provides an exemption from county hotel rental taxes for the sale of a right to occupy a room or lodgings as a transient guest at a dormitory or other lodging facility that (1) is operated solely in support of the headquarters, a training, conference, or awards facility or the campus of a corporation or other organization; (2) provides lodging solely for employees, contractors, vendors, and other invitees of the corporation that owns the dormitory or lodging facility; and (3) does not offer lodging services to the general public.

Miscellaneous

Sustainable Communities – Designation and Financing

House Bill 613 ***(passed)*** authorizes local governments to finance the costs of infrastructure improvements located in or which support "sustainable communities," in the same manner as transit-oriented development districts. The Maryland Economic Development Corporation may enter into agreements with local governments to issue bonds supported by tax increment financing or other similar financing instruments on behalf of sustainable community infrastructure investments.

Task Force to Study Tax Benefits for Emergency Preparedness Equipment

***Senate Bill 481*/*House Bill 151* (both passed)** establish the Task Force to Study Tax Benefits for Emergency Preparedness Equipment to study issues relating to an income tax credit to purchase electric generators and a tax-free period for emergency preparedness equipment. The task force is to submit a report on its findings and recommendations to the Governor and the General Assembly by December 1, 2013.

Response to a State Disaster or Emergency – Licensing and Taxes

***House Bill 1513* (passed)** establishes that an out-of-state business that performs disaster- or emergency-related work during a disaster period does not establish a level of presence that would require the out-of-state business or its out-of-state employees to be subject to specified tax obligations or licensing or registration requirements. The bill exempts these out-of-state businesses from (1) State or local licensing or registration requirements; (2) State or county income taxes; (3) unemployment insurance contributions; (4) personal property tax; or (5) any requirement to collect and remit the sales and use tax.

Part C
State Government

State Agencies, Offices, and Officials

State Agencies

Public-private Partnerships

Chapters 640 and 641 of 2010 set up a statutory framework for transportation and nontransportation public-private partnerships (P3s). ***House Bill 560*** ***(Ch. 5)*** expands on that framework. The Act establishes a State policy on the use of P3s and expressly authorizes specified State "reporting" agencies to enter into P3s. P3s are a method for delivering public infrastructure assets using a long-term, performance-based agreement between reporting agencies and a private entity where appropriate risks and benefits can be allocated in a cost-effective manner between the contract partners. The private entity performs functions normally undertaken by the government, but the reporting agency remains ultimately accountable for the public infrastructure asset and its public function. Also, under a P3, the State may retain ownership of the public infrastructure asset, and the private entity may be given additional decisionmaking rights in determining how the asset is financed, developed, constructed, operated, and maintained over its life cycle. P3s are explicitly excluded from most provisions of State procurement law but are subject to prevailing and living wage requirements and the Minority Business Enterprise program. The Act also establishes a process and associated reporting requirements for State oversight of P3s and institutes a process for both solicited and unsolicited P3 proposals that must be followed before the Board of Public Works may approve a P3 agreement. A P3 agreement may not extend beyond 50 years unless the agency provides justification and receives Board of Public Works approval of an exemption. The Act takes effect July 1, 2013, and applies only to P3s established on or after that date. Provisions related to the application of the State's Minority Business Enterprise program terminate June 30, 2016.

Procedures for Protecting Personal Information

In response to concerns regarding the handling and protection of personal information by State and local governments, ***Senate Bill 676*** ***(passed)*** establishes, for units of State and local government (not including legislative or judicial agencies), specified requirements for protecting an individual's private information from unauthorized access. A unit that collects an individual's personal information must implement and maintain reasonable security procedures and practices appropriate to the nature of the information collected and the nature of the unit and its operations. Similarly, a unit that uses a nonaffiliated third party as a service provider and discloses personal information about an individual must require that the third party implement and maintain reasonable security procedures and practices, as specified by the bill. A unit that discovers or is notified of a breach of the security system is required to take specified actions.

The provisions of ***Senate Bill 676*** preempt local law and do not relieve a unit of a duty under federal law to protect personal information. However, a government unit or nonaffiliated third party that complies with specified federal laws and guidelines shall be deemed to be in compliance with the provisions of the bill.

Commissions and Workgroups

The Virginia I. Jones Commission on Alzheimer's Disease and Related Disorders originally was established by executive order in 2011 and was tasked with making recommendations for a State plan to address the needs of individuals with Alzheimer's disease and related disorders (as well as their families and caregivers). The commission is codified, under ***Senate Bill 679***/***House Bill 690*** ***(both passed)***, as the Virginia I. Jones Alzheimer's Disease and Related Disorders Council. The council is set to terminate September 30, 2016.

The Commission on the Establishment of a Maryland Educators Service Memorial is created by ***Senate Bill 857***/***House Bill 1131*** ***(both passed)***. The commission is required to (1) identify an appropriate site on property located within the State Capitol Complex or another appropriate site in Annapolis in close proximity to the State Capitol Complex for the location of the memorial; (2) estimate the total funding required for the design, construction, and appropriate placement of the memorial; (3) consider preliminary design ideas for the construction of the memorial; (4) make recommendations regarding an appropriate site for the location of the memorial and the design of the memorial; and (5) provide ongoing review and recommendations regarding the funding and construction of the memorial. The commission also is required to report its initial findings and recommendations, on or before December 1, 2013, to the Governor for possible inclusion in the fiscal 2015 operating and capital budgets, and to the General Assembly. The commission is set to terminate May 31, 2016.

The Nineteenth Amendment to the U.S. Constitution, which granted American women the right to vote, was passed by both houses of the U.S. Congress in 1919. Tennessee ratified the Nineteenth Amendment on August 18, 1920, which was the final ratification necessary to enact the amendment. Thus, the years 2019 through 2020 will mark the 100th anniversary of the passage of the Nineteenth Amendment. ***Senate Bill 1067*** ***(passed)*** establishes the Commission on the Commemoration of the 100th Anniversary of the Passage of the Nineteenth Amendment to the United State Constitution. The duties of the commission include (1) assembling an inventory of sites in the State that are significant to the women's suffrage movement and the passage of the Nineteenth Amendment; and (2) developing a plan for commemorating events that occurred in the State related to the women's suffrage movement and the passage of the Nineteenth Amendment. By December 31, 2014, and annually thereafter for the following five years, the commission must report its activities, findings, and recommendations to the Governor and the General Assembly. The bill terminates October 31, 2020.

The Council for the Procurement of Health, Education, and Social Services was established by Chapters 212 and 213 of 2012 to advise the Board of Public Works on the implementation of the recommendations of the Task Force to Study the Procurement of Health, Education, and Social Services by State Agencies. ***Senate Bill 385/House Bill 327 (both passed)*** require the council to establish a workgroup to determine a process for nongovernmental entities that provide health, education, or social services in the State to submit documents in an electronic form to State agencies that license health, education, or social services programs. On or before January 1, 2014, the council is required to submit a report to the Senate Education, Health, and Environmental Affairs Committee and the House Health and Government Operations Committee on the process determined by the workgroup.

Open Meetings Act

House Bill 139 (passed) requires each public body to designate at least one individual who is an employee, an officer, or a member of the public body to receive training on the requirements of the Open Meetings Act. The public body also must forward a list of the individuals designated to the State Open Meetings Law Compliance Board. Within 90 days of being designated as the individual to receive training, the individual is required to complete a class on the requirements of the law that is offered online by the Office of the Attorney General and the University of Maryland's Institute for Governmental Service and Research or that is offered by the Maryland Association of Counties or the Maryland Municipal League through the Academy for Excellence in Local Governance.

The State Open Meetings Law Compliance Board handles complaints alleging violations of the Open Meetings Act. The opinions of the board are advisory only, and the board may not require or compel any specific actions by a public body. A member of a public body that willfully participates in a meeting of the body with knowledge that the meeting is being held in violation of the Open Meetings Act is subject to a civil penalty of up to $100. Under ***House Bill 331 (passed)***, if the State Open Meetings Law Compliance Board determines that a violation of the Open Meetings Act has occurred, (1) a member of the public body must, at the public body's next open meeting after the board has issued its opinion, announce the violation and orally summarize the opinion and (2) a majority of the public body's members must sign and return to the board a copy of the opinion. These required actions are not to be considered as an admission to a violation and may not be used as evidence in a proceeding before a circuit court. However, the bill repeals a prohibition on the introduction of a written opinion of the board as evidence in a court proceeding. The civil penalty for meeting in violation of the Open Meetings Act is increased from up to $100 to (1) up to $250 for the first violation and (2) up to $1,000 for each subsequent violation occurring within three years after the first violation. When determining the amount of a fine, the court must consider the financial resources of the public body.

For the purposes of the Open Meetings Act, with several exceptions, "public body" is defined as an entity that consists of at least two individuals and is created by, among other things, the Maryland Constitution, a State statute, or an executive order of the Governor. Under ***Senate Bill 230*** ***(passed)***, that definition is expanded to include an entity that is created by a memorandum of understanding or a master agreement to which a majority of the county boards of education and the State Department of Education are signatories. The purpose of the change is to subject the Maryland Public Secondary Schools Athletic Association, which is created by a master agreement signed by the local superintendents of schools, to the requirements of the Open Meetings Act.

State Officials

Notaries public are appointed by the Governor upon the approval of their application by the senator representing the senatorial district in which they reside. Applications by individuals who live outside of Maryland but work in the State may be approved by any senator. ***Senate Bill 190***/***House Bill 448*** ***(both passed)*** authorize a State senator to delegate the senator's authority to the Secretary of State. If a senator delegates the authority, an application must bear or be accompanied by the written approval of the Secretary of State, and the Governor may appoint and commission an individual as a notary public on the approval of the application by the Secretary of State. In addition to the changes to the appointment process, the Budget Reconciliation and Financing Act of 2013, ***House Bill 102*** ***(passed)*** increases the maximum fee that can be charged for a notary commission from $10 to $11 and also increases the maximum fee the Secretary of State can authorize a notary public to charge for an original notarial act from $2 to $4.

The Military and Veterans

Militia

With certain specified exceptions, the Maryland militia consists of able-bodied individuals who are citizens of Maryland or of foreign birth who are residents of Maryland and have declared their intention to become citizens of the United States. The enlistment period in the Maryland Defense Force, under ***House Bill 359*** ***(passed)***, is altered from two years to a period determined by the commanding officer based on the specialty of the recruit and the needs of the militia.

House Bill 401 ***(Ch. 112)*** authorizes the Adjutant General of the Military Department to adopt rules and regulations to govern, discipline, and establish criteria for the performance of duties of the organized State militia. The rules and regulations are required to conform, to the extent practicable, to the Uniform Code of Military Justice and the rules, regulations, and statutes of the Department of Defense, the Army, the Air Force, and the National Guard Bureau of the United States. Once the rules and regulations have been adopted and published, they have the force and effect of law and constitute a lawful order. The adoption of the rules and regulations are exempt from the requirements of the Administrative Procedure Act. The Act also changes the law regarding summary courts-martial. Conviction by a summary court-marital does not constitute a conviction for the purpose of any disqualification or disability imposed by law because of conviction of a crime. The possible sentences that a summary court-martial may impose include a fine, a forfeiture of pay and allowance, a reduction in rank, and confinement. The Act also specifies that all members of the militia may be subjected to nonjudicial punishment in accordance with the procedures and penalties adopted by the Adjutant General.

Education and Occupational Licensing of Military Members, Veterans, and Their Spouses

Three pieces of legislation were aimed at addressing the high unemployment rate of veterans and easing the transition of military members and their families who move into the State. ***Senate Bill 273***/***House Bill 225*** ***(both passed)*** facilitate professional licensing for active military personnel, veterans, and their spouses through the expedited issuance of business and health occupations licenses, registrations, and certificates. For a more detailed discussion of this issue, see the subpart "Business Occupations" within Part H – Business and Economic Issues and the subpart "Health Occupations" within Part J – Health and Human Services, and the subparts "Primary and Secondary Education" and "Educational Alignment Success" within Part L – Education of this *90 Day Report*. ***House Bill 935*** ***(passed)*** exempts honorably discharged veterans from the U.S. Armed Forces from paying out-of-state tuition at a public institution of higher education in the State if the individual resides in or is domiciled in the State. Additionally, ***Senate Bill 153*** ***(Ch. 24)*** requires the Maryland Higher Education Commission, in consultation with the public institutions of higher education in the State, to develop and adopt guidelines on awarding academic credit for a student's military training, coursework, and education. The governing body of each public institution of higher education in the State also is required to develop and implement policies, in accordance with the guidelines developed by the commission, governing the award of the academic credit.

Maryland Veterans Trust and Fund

Chapter 742 of 2009 (HB 1561) established the Maryland Veterans Trust Fund as a special, nonlapsing fund to provide grants and loans to veterans and their families as well as to public and private programs. ***House Bill 1390*** ***(passed)*** establishes the Maryland Veterans Trust as a corporate body, subject to modification or termination by the General Assembly. The bill also repeals the Maryland Veterans Trust Fund and reestablishes it as a fund within the trust. In doing so, the bill removes the authority of the Maryland Department of Veterans Affairs to accept funds as a gift or grant and spend and invest the principal and income of the gift or grant and grants that authority to the trust's Board of Trustees. The fund within the trust consists of various revenue sources, including gifts and grants that the trust receives. The trust may (1) provide grants or loans to veterans and their families or programs that support them and (2) develop projects for private sponsorship. The trust is required to submit an annual report to the Governor and the General Assembly on the activities of the trust.

State Designations

Commemorative Days

Two bills establish commemorative days. On November 1, 1864, Maryland adopted a new constitution that abolished slavery, making it the first state with slaves to voluntarily free its slaves by popular vote. To commemorate the historical event, ***Senate Bill 42/House Bill 167*** ***(both passed)*** require the Governor annually to proclaim November 1 as Maryland Emancipation Day.

A centenarian is someone who has reached the landmark age of 100 years. Because current average life expectancies around the world are less than 100 years, the term is invariably associated with longevity. According to the U.S. Census Bureau, in 2010, there were approximately 900 centenarians living in Maryland. In recognition of the lives of the State's citizens who have reached the landmark age of 100 years, ***Senate Bill 175*** ***(passed)*** requires the Governor annually to proclaim the second Thursday in May as Maryland Centenarians Day.

Commemorative Months

German Americans and Irish Americans comprise two of the largest self-reported ancestral groups in the State, as well as in the nation. According to the U.S. Census Bureau, 13.8% of Marylanders are of German-American descent and more than 10% of Marylanders are of Irish American descent. Two commemorative months are established in recognition of the contributions that those groups have made to the State. The Governor annually is required to proclaim October as German-American Heritage Month under ***House Bill 34*** ***(passed)*** and the month of March as Irish American Heritage Month under ***House Bill 77*** ***(passed)***. The proclamations shall urge educational and cultural organizations to observe the months properly with appropriate programs, ceremonies, and activities.

Elections

Election Administration

Improving Access to Voting

In recent years, the General Assembly has considerably expanded access to voting and voter registration by allowing for early voting, "no excuse" absentee voting (not requiring a reason that a voter cannot vote on election day), and online voter registration. No excuse absentee voting was first allowed in 2006, and early voting and online voter registration were first implemented in 2010 and 2012, respectively. As a percentage of overall turnout in the 2010 and 2012 elections, use of early voting has been steadily increasing, from just under 10% in the 2010 primary election to approximately 16% in the 2012 general election. Use of absentee voting in 2010 and 2012 was relatively consistent, between 3% and 6%. The online voter registration system operated by the State Board of Elections (SBE), which was first made publicly available in July 2012, has processed over 100,000 transactions, including over 45,000 new registrations.

***Senate Bill 279*/*House Bill 224* (both passed)**, among other things, address aspects of each of the early voting, no excuse absentee voting, and online voter registration laws, by expanding early voting, allowing for a voter to receive an absentee ballot through the Internet, and improving the security of the online voter registration system. The bills also allow for individuals to register to vote and subsequently vote during early voting. The bills in part respond to issues raised during the 2012 elections, specifically long lines reported at early voting centers and election day polling places during the 2012 general election and concerns about the security of the recently implemented online voter registration system. A number of the bills' provisions are discussed in more detail below.

The expansion of early voting and allowing for individuals to register to vote during early voting under ***Senate Bill 279*/*House Bill 224*** will increase costs for SBE and local boards of elections. SBE will also incur costs for certain voting-related studies required under the bills that address the potential for ending early voting on the Sunday before election day, voting wait times, and the security of online voter services and other voting technology. In fiscal 2014, State general fund expenditures are expected to increase by $400,700, consisting primarily of one-time costs, including $250,000 to conduct the required studies. Local government expenditures are expected to increase by approximately $1.1 million in fiscal 2014, consisting primarily of ongoing increased costs that will be incurred for each election.

House Bill 102* (passed)**, the Budget Reconciliation and Financing Act of 2013 (BRFA), authorizes up to $250,000 to be transferred by budget amendment from the Fair Campaign Financing Fund to SBE to conduct the voting-related studies required under ***Senate Bill 279*/*House Bill 224. The Fair Campaign Financing Fund holds funding for the State's gubernatorial public campaign financing program, but the program has not been used since the 1994 gubernatorial election and money in the fund has recently been used for other election-related purposes. The BRFA of 2013 also reduces, by $250,000, an amount of $2 million previously authorized to be transferred from the fund for the purchase of a new voting system (reducing the authorization to $1,750,000). The total amount currently authorized to be transferred out of the fund for non-public campaign financing purposes, therefore, remains the same.

Early Voting: The early voting days and hours and the method of determining the number of early voting centers in a county under ***Senate Bill 279*/*House Bill 224*** are shown in **Exhibit 1**. Baltimore, Montgomery, and Prince George's counties are the counties primarily affected by the bills' changes to the method of determining the required number of early voting centers in a county, with each now being required to establish eight early voting centers rather than five. Frederick County is also assured to have three early voting centers going forward as a result of the bills' changes, but was also nearing the previous threshold for having three early voting centers (150,000 registered voters). The early voting period of eight days is two days longer than the early voting periods for the elections in 2010 and 2012.

Exhibit 1
Early Voting Days and Hours and Early Voting Centers
Under SB 279/HB 224

Early Voting Days and Hours

Days (8)

Second Thursday before the election through Thursday before the election

Hours

Presidential election:
8 a.m. – 8 p.m. (each day)

All other elections:
10 a.m. – 8 p.m. (each day)

Early Voting Centers

No. of Registered Voters in a County	Early Voting Centers*
< 125,000	1
125,000-300,000	3
300,000-450,000	5
> 450,000	8

*In addition to these required centers, each county may establish one additional early voting center if the State Board of Elections, in collaboration with the local board of elections, and the governing body of the county agree to establish an additional center.

Voter Registration during Early Voting: Voter registration is conducted continuously but is closed from 9 p.m. on the twenty-first day preceding an election until the eleventh day after that election. In general, a voter registration application that is mailed or submitted when registration is closed is accepted and retained but does not become effective until registration reopens. However, under ***Senate Bill 279***/***House Bill 224*** beginning in 2016, an individual will be able to register to vote, or change the voter's address on an existing registration, during early voting, and then vote at that early voting center, provided the person shows proof of residency.

Absentee Voting: The methods by which a voter may request to receive an absentee ballot are clarified and expanded under ***Senate Bill 279***/***House Bill 224*** to include an option to receive an absentee ballot over the Internet along with the options of receiving a ballot by mail, by fax, or by hand during an in-person transaction. A voter may also request an absentee ballot by completing and submitting an accessible online application, provided certain identifying information is entered by the applicant, for security purposes. SBE may also provide an accessible optional online ballot marking tool, provided the tool meets specified voting system certification standards, that allows a voter to access a blank ballot through the Internet, electronically mark the ballot, and print the marked ballot to mail to a local board of elections.

Online Voter Registration Security: The online voter registration law enacted in 2011 (Chs. 292 and 293 of 2011) generally requires a person to provide a Maryland driver's license or identification card number to complete a transaction through the online voter registration system (an absent uniformed services voter or overseas voter may provide a Social Security number and a voter identification number may be provided for a change to an existing registration). Security concerns have been raised, however, about the potential for an individual's Maryland driver's license or identification card number to be determined by others based on the individual's name and birth date. ***Senate Bill 279*/*House Bill 224*** alter the requirements for information that must be provided by an individual to use the system, including requiring additional identifying information to be provided, specifically the last four digits of the individual's Social Security number and other information identified by SBE that is not generally available to the public but readily available to the individual.

Fines for Offenses Related to Voting: A person is prohibited from willfully and knowingly engaging in various actions relating to voting, such as voting more than once or influencing or attempting to influence a voter's voting decision through the use of force, threat, menace, intimidation, bribery, reward, or offer of reward. ***Senate Bill 279*/*House Bill 224*** raise the maximum criminal fine for such offenses from $2,500 to $5,000.

Voting Related Studies: ***Senate Bill 279*/*House Bill 224*** require multiple voting-related studies to be conducted and for reports on each to be submitted to the Senate Education, Health, and Environmental Affairs Committee and the House Ways and Means Committee by December 31, 2013. SBE is required to conduct the studies, with the exception of the security study, which must be conducted by an independent consultant. The studies are:

- a detailed analysis of options and administrative requirements for extending the early voting period to the Sunday before election day, addressing specified options and issues and including analysis of policies and practices in other states;
- a review and analysis of voting wait times during the 2010 and 2012 elections and ways to reduce wait times, including review and analysis of voting equipment and related infrastructure deployment and staffing practices and procedures;
- an accessibility and usability evaluation of the online ballot marking tool authorized under the bill, to assess its accessibility and usability by voters with disabilities; and
- a study, by an independent consultant, of the security of online absentee ballot delivery, other online voter services such as online voter registration and online absentee ballot applications, and any other voting technology specified by SBE.

As mentioned above, funding for the studies regarding the potential for ending early voting on the Sunday before election day, voting wait times, and the security of online voter services and other voting technology, is authorized in the BRFA of 2013. The accessibility and usability evaluation is expected to be handled by SBE with existing resources.

New Voting System

Chapters 547 and 548 of 2007 (later modified by Chapter 428 of 2009) modified the certification standards for the State's voting system, requiring that a voting system, among other things, provide a "voter-verifiable paper record" in order to be certified. A new, paper-based voting system that would provide a voter-verifiable paper record, however, has so far not been procured, due in part to past questions of the availability of a voting system that would meet the all of the State's standards and in part to lack of funding for a new system.

Chapter 1 of the First Special Session of 2012, the Budget Reconciliation and Financing Act of 2012 (BRFA), required the Governor to include in the fiscal 2014 budget the transfer of \$2 million (reduced to \$1,750,000 by the BRFA of 2013) from the Fair Campaign Financing Fund for a new optical scan (paper-based) voting system that had been authorized under Chapter 487 of 2009, the BRFA of 2009. The fiscal 2014 budget includes an appropriation of \$1.2 million from the Fair Campaign Financing Fund for planning the transition to an optical scan voting system and states the intent of the General Assembly that funding for the purpose of procuring an optical scan voting system be provided in fiscal 2015.

Special Elections by Mail

Vote-by-mail elections are used on a limited basis in 17 states according to the National Conference of State Legislatures, and Oregon and Washington conduct all elections by mail. During the 2012 session, the General Assembly authorized special elections for the Montgomery County Council to be conducted by mail, under Chapter 677 of 2012. ***Senate Bill 171*/*House Bill 196* (both passed)** expand those Montgomery County-specific special election by mail provisions to apply to special elections statewide, allowing for voting by mail to be utilized in a special election to fill a vacancy in the office of representative in Congress and specified local special elections not held concurrently with a regularly scheduled primary or general election. Both State and local government expenditures are expected to decrease in most, if not all, cases in which special elections are conducted by mail rather than at polling places.

Specimen Ballots

Notice of elections is predominantly provided to voters by specimen ballots mailed in advance of an election. Specimen ballots are a representation of a voter's ballot and also include a plain language description of constitutional amendments and State law referendums appearing on the ballot. ***Senate Bill 840* (passed)** requires that specimen ballots be mailed at least one week before the first day of any early voting period before an election rather than at least one week before election day.

Electioneering at Polling Places

Generally, each polling place and early voting center must have an electioneering boundary as near as practicable to 100 feet from the entrance and exit of the building that is closest to where voting occurs. An exception allowing for shorter distances applies in Montgomery County. ***Senate Bill 542*/*House Bill 730* (both passed)** require that electioneering be allowed on the premises of polling places and early voting centers up to the electioneering boundary. In addition, campaign signs must be allowed on the premises, at a minimum, from 7 p.m. on the day before an early voting period begins and on the day before election day, until 8 a.m. on the day after the early voting period ends and on the day after election day.

Campaign Finance

Campaign Finance Reform Act of 2013

The General Assembly established the Commission to Study Campaign Finance Law under Joint Resolution 1 of 2011. The commission was charged with studying the State's regulation of campaign finance, including several specific issues, and making recommendations for improvements. The commission convened in December 2011 and submitted an interim report in January 2012 and a final report in December 2012. A number of the commission's recommendations in its January 2012 interim report, which consisted largely of changes to administrative requirements, were considered and adopted during the 2012 regular session.

The commission's December 2012 final report – drawing on testimony from various sources, staff research, and extensive commission discussions over the course of 2012 – contains a more expansive set of recommendations, including contribution limits contributions by business entities, slates, legislative party caucus committees, independent expenditures, enforcement of campaign finance laws, public financing of campaigns, disclosure of small contributions, the campaign finance reporting schedule, and disclosure of contributions by persons doing public business.

House Bill 1499 ***(passed)*** was introduced at the request of the commission and includes many of its recommendations along with several other revisions to election law. The major provisions of the legislation are summarized below. Unless otherwise noted, the provisions take effect January 1, 2015, the beginning of the next election cycle.

Contribution Limits: The bill increases the limits on the amount of contributions a person may make in an election cycle. The limit on aggregate contributions to a single campaign finance entity increases from $4,000 to $6,000. The limit on aggregate contributions to all campaign finance entities increases from $10,000 to $24,000. The bill also increases specified in-kind contribution limits applicable to State and county political party central committees.

Contributions by Business Entities: The bill alters the treatment of contributions by business entities under common ownership or control. Contributions made by two or more business entities are considered to be made by a single contributor if (1) one business entity is a wholly owned subsidiary of another; or (2) the business entities are owned or controlled by at least 80% of the same individuals or business entities. "Business entities," are defined as sole proprietorships, general or limited partnerships, limited liability companies (LLCs), and real estate investment trusts, as well as corporations.

Legislative Party Caucus Committees: The bill authorizes each political party to establish one legislative party caucus committee for each house of the General Assembly. SBE is required to adopt regulations governing the establishment, structure, and operation of legislative party caucus committees. The bill also specifies certain in-kind contribution limits and transfer limits applicable to legislative party caucus committees

Administrative Accounts: The bill codifies SBE's policy of allowing political party central committees to maintain administrative accounts and extends this authority to legislative party caucus committees. Donations to an administrative account are not subject to the contribution limits, but disbursements from an administrative account may be made only for nonelectoral purposes.

Slates: The bill allows a candidate to join a slate or continue as a member of a slate only if (1) the candidate has filed a certificate of candidacy or (2) the candidate is an incumbent officeholder and the deadline for filing a certificate of candidacy for the office the candidate holds has not passed. A transfer limit of $24,000 is established for cumulative transfers over the course of an election cycle *from* a slate *to* the authorized candidate campaign committee of any single member of the slate. The transfer limit does not apply to a slate consisting only of candidates for Governor and Lieutenant Governor running on the same ticket.

Independent Expenditures and Electioneering Communications: The bill makes various changes with respect to the reporting of independent expenditures and disbursements for electioneering communications, including (1) generally broadening the definitions of political communications that are subject to reporting requirements; (2) requiring more immediate reporting of independent expenditures and disbursements for electioneering communications; (3) requiring a person to register with SBE upon making aggregate independent expenditures or disbursements for electioneering communications of $5,000 or more in an election cycle; (4) with certain exceptions, requiring reporting of donors of $6,000 or more to a person making independent expenditures or disbursements for electioneering communications, regardless of whether the donation was made for the purpose of furthering independent expenditures or electioneering communications; and (5) authorizing SBE to assess civil penalties of not more than the greater of $1,000 per day or part of a day a report is overdue (unless the failure to file occurs more than 28 days before the day of an election, in which case, $100 per day or part of a day a report is overdue) or 10% of the amount of donations, independent expenditures, or disbursements for electioneering communications not reported in a timely manner.

The bill also establishes similar reporting requirements for political action committees that exclusively make independent expenditures or disbursements for electioneering communications and authorizes SBE to assess civil penalties for failure to file reports or amended reports properly.

Campaign Finance Enforcement: The bill authorizes SBE to impose civil penalties of up to $500 for specified campaign finance law violations, including unauthorized disbursements, failure to maintain a campaign bank account, failure to maintain detailed and accurate account books and records, failure to report all contributions received and expenditures made, and failure to include an authority line on campaign material or retain a copy of campaign material. A person issued a citation imposing a civil penalty may elect to stand trial in District Court, in which case the State Prosecutor assumes responsibility for prosecuting the violation. These provisions are effective October 1, 2013.

The bill makes existing late fees for failure to file a campaign finance report or an affidavit of limited contributions or expenditures also applicable to a failure to file an amended report. An amended campaign finance report must be filed when the original campaign finance report does not include all of the information required. The bill makes the $10 to $20 per day late fee applicable to weekend days and holidays, which are excluded under current law, and raises the maximum cumulative fee that can accrue from $250 to $500. SBE's authority to audit campaign finance reports and independent expenditure and electioneering communication reports is expanded to also apply to records required to be kept by persons filing those reports.

Where applicable, the bill requires civil penalties and late fees to be paid by the campaign finance entity, unless insufficient funds are available, in which case the penalty or fee is the joint and several liability of the responsible officers of the campaign finance entity. In the case of a civil penalty, if a violation is committed by a person that is not acting on behalf of, or at the request or suggestion of, a candidate or a campaign finance entity, the penalty is paid by the person who committed the violation.

The statute of limitations for a misdemeanor under the State election laws is also increased from two to three years, applicable only to offenses committed on or after January 1, 2015.

Contributions by Persons Doing Public Business: The bill revises Title 14 of the Election Law Article, which requires disclosure of campaign contributions by persons doing public business. The changes include (1) redefining "doing public business" to mean making a single contract with a single governmental entity of at least $200,000; (2) only requiring disclosure of contributions to a candidate for an office of a governmental entity with which the person is doing public business; (3) requiring disclosure statements to be filed electronically with SBE and to be made publicly available by SBE on the Internet; (4) requiring specified records to be kept by persons doing public business; (5) requiring, except with regard to a contract for which notice of award has been posted on eMaryland Marketplace, that a governmental entity obtain certification from a person doing public business that an initial disclosure statement has been filed and that the governmental entity notify SBE if a person doing public business with the governmental entity fails to file the initial disclosure statement; (6) authorizing SBE to audit disclosure statements and records kept by those filing statements and to impose fees for late filings; and (7) authorizing SBE to adopt regulations to implement Title 14.

Authorization of Local Public Campaign Financing: The bill authorizes a county to establish a system of voluntary public campaign financing for elective offices in the executive or legislative branches of county government. The bill establishes various requirements applicable to such a system, including that the system must (1) provide for a public election fund administered by the chief financial officer of the county and (2) be subject to regulation and oversight by SBE to ensure conformity with State law and policy to the extent practicable. A system may provide for more stringent regulation of campaign finance activity by participating candidates than is provided for by State law.

Disclosure of Small Contributions: The bill imposes a limit of $25,000 on the cumulative amount of contributions from one contributor of $51 or less that may be reported in an election cycle by a campaign finance entity of a candidate as a lump sum without providing the amount of each contribution and the name and address of each contributor.

Out-of-state Political Committees: The bill requires out-of-state political committees to register with SBE within 48 hours of making cumulative transfers of $6,000 or more in an election cycle to one or more Maryland campaign finance entities and to subsequently file expenditure reports with SBE for the election year the committee is participating in by the deadlines for campaign finance reports filed by Maryland campaign finance entities.

Participating Organizations: The bill regulates a "participating organization" organized under Sections 501(c)(4) or (6) or 527 of the Internal Revenue Code that makes (1) a contribution or donation to a campaign finance entity, person, or out-of-state political committee for the purpose of causing a campaign finance entity or out-of-state political committee to make a disbursement in the State; or (2) a donation to a person to make an independent expenditure or disbursement for electioneering communications in the State. Under the bill, the participating organization must register with SBE within 48 hours of making a contribution, donation, or disbursement of $6,000 or more and file specified reports regarding disbursements made to influence an election in the State. A participating organization would also be required to disclose its five largest donors.

Campaign Finance Reporting Schedule: The bill requires an additional report to be filed prior to a presidential primary election and an additional report in late August before each regularly scheduled general election. A campaign finance entity other than a ballot issue committee is required to file an additional campaign finance report by the third Tuesday in April if the entity did not file the annual campaign finance report by the immediately preceding third Wednesday in January. In addition, an authorized candidate campaign committee of a candidate for election to a political party central committee is required to file (1) a campaign finance report by the third Tuesday after a gubernatorial election; (2) the annual January campaign finance report filed by all campaign finance entities; and (3) a final campaign finance report on termination of the authorized candidate campaign committee, but no other campaign finance reports. These provisions take effect October 1, 2013.

Deadline for Filing a Certificate of Candidacy: The bill alters the deadline for filing a certificate of candidacy in gubernatorial election years from the Wednesday following the second Tuesday in April to the last Tuesday in February. This provision is effective for the 2014 gubernatorial election.

Ethics

Ethics Law Reform

As required by legislation enacted in 2012, the President of the Senate and the Speaker of the House of Delegates appointed a workgroup during the 2012 interim to carry out a comprehensive and coordinated review of public ethics issues. The workgroup introduced ***Senate Bill 1065/House Bill 1397*** ***(both failed)*** that would have made a number of changes to the Public Ethics Law, including requiring lobbyists to complete ethics training annually rather than biennially and requiring former public officials of the Legislative and Executive branches who register as lobbyists to seek advice from the State Ethics Commission regarding the application of the Public Ethics Law. Additionally, the bills would have provided the State Ethics Commission with additional options to address noncompliance with the requirements of the Public Ethics Law by local governments and school boards. Finally, the legislation would have extended the workgroup for two years.

Mutual Funds

House Bill 362 ***(passed)*** amends the definition of "interest" under the Public Ethics Law to exclude a mutual fund that is publicly traded on a national scale unless the mutual fund is composed primarily of holdings of stocks and interests in a specific sector or area that is regulated by an individual's governmental unit. As a result, these types of mutual funds will be treated the same as holdings in certain college savings plans and retirement trusts for financial disclosure and conflict of interest purposes.

Reprimand

In April 2012, the Joint Committee on Legislative Ethics received a complaint alleging ethical improprieties by Delegate William "Tony" McConkey. The Joint Committee reviewed the matter and submitted the *Report of the Joint Committee on Legislative Ethics In Re: State Delegate William "Tony" McConkey* to the Speaker of the House on February 4, 2013. On February 5, 2013, the House adopted ***House Simple 1*** ***(passed)***, a Resolution of Reprimand, adopting the findings and conclusions contained in the report and ordering the reprimand of Delegate McConkey.

Procurement

During the 2012 interim, the Governor initiated a comprehensive assessment of State procurement policies, statutes, and procedures. In anticipation of the results of that assessment, which was not completed prior to the conclusion of the 2013 legislative session, the General Assembly passed only minor adjustments to existing procurement laws. One exception was the passage of a new procurement preference for American-made manufactured goods. Otherwise, adjustments were made to the Minority Business Enterprise (MBE) program and existing bonding and security requirements for contractors and subcontractors.

Minority Business Enterprise Program

The State's MBE program, which is scheduled to terminate July 1, 2016, requires that a statewide goal for MBE contract participation be established biennially through the regulatory process under the Administrative Procedure Act. The biennial statewide MBE goal is established by the Special Secretary for the Governor's Office of Minority Affairs (GOMA), in consultation with the Secretary of Transportation and the Attorney General. In a year in which there is a delay in establishing the overall goal, the previous year's goal applies. As of April 2013, a new statewide goal had not been issued by GOMA, so the 25% statewide goal that was previously established in statute remains in effect. The Special Secretary is also required to establish biennial guidelines for State procurement units to consider in deciding whether to establish subgoals for different minority groups recognized in statute. There are no penalties for agencies that fail to reach the statewide target or subgoals. Instead, agencies are required to use race-neutral strategies to encourage greater MBE participation in State procurements.

Under previous rulings by the U.S. Supreme Court, State or local MBE programs using race-based classifications are subject to strict scrutiny by the courts. In addition, the Supreme Court has ruled that an MBE program must demonstrate clear evidence that it is narrowly tailored to address actual disparities in the marketplace for the jurisdiction that operates the program. As a result, prior to each reauthorization of the State's MBE program, the State conducts a disparity study to determine whether there is continued evidence that MBEs are underutilized in State contracting. The most recent disparity study was completed in February 2011 and serves as the basis for the most recent reauthorization of the MBE program. It found continued and ongoing disparities in the overall annual wages, business earnings, and rates of business formation between nonminority males and minorities and women in Maryland.

***Senate Bill 188*/*House Bill 1353* (both passed)** extend the termination date of the MBE program by one year, until July 1, 2017, and defer the completion date of a new disparity study also by one year, to September 30, 2016. The Special Secretary of Minority Affairs, in consultation with the Secretary of Transportation and the Attorney General, is required to establish guidelines for each procurement unit to consider when determining the appropriate MBE participation goals for a procurement contract. The bills further require each procurement unit to implement a program that will enable it to consider the MBE participation and subgoal guidelines when evaluating each procurement contract.

***Senate Bill 1066/House Bill 48* (both passed)** remove not-for-profit entities that promote the interests of physically and mentally disabled individuals from the definition of MBE and exempt specified contracts (entered into on or after July 1, 2015) with them from the calculation of MBE participation rates. Beginning in fiscal 2014, the bills also enhance existing procurement preference programs for Maryland Correctional Enterprises, Blind Industries and Services of Maryland, Employment Works, and businesses owned by disabled veterans, and require various annual reports related to State contracting with those entities. The Department of Disabilities must evaluate the effect of these changes on the participation of not-for-profit entities in State procurement and issue a final report by December 1, 2016.

***House Bill 757* (Ch. 138)** requires State procurement units to disaggregate data on MBE procurements for architectural services and for engineering services (which are currently reported together) that the units report annually to GOMA, the Maryland Department of Transportation, and the Joint Committee on Fair Practices and Personnel Oversight.

Procurement Preferences and Prohibitions

Senate Bill 47*/*House Bill 191* *(both passed) require State and local public works contractors or subcontractors to use manufactured goods made or assembled in the United States to construct or maintain a public work or when buying or manufacturing machinery or equipment that is to be installed at a public work site. The requirement does not apply if the head of the governmental entity determines that the price, quality, or availability of American manufactured goods does not meet standards to be established by the Board of Public Works (BPW). It also does not apply to emergency safety equipment such as fire alarms, security systems, and related information technology products. Application of this preference for American-made manufactured goods must be consistent with the State's obligations under any international trade agreements to which the State is bound.

Senate Bill 811*/*House Bill 877* *(both passed) require BPW to adopt regulations in response to changes to the federal Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) or any other federal law that imposes sanctions on investment activities in Iran. The legislation also expands existing State law, authorized by the CISADA, that prohibits a person involved in investments in Iran from participating in State procurement to include any enacted federal law that alters the CISADA or investment sanctions in Iran.

Senate Bill 702*/*House Bill 1337* *(both passed) require all new and substantially renovated buildings constructed entirely with State funds to include public art such as murals, mosaics, paintings, or sculptures. This requirement is not intended to increase the cost of State capital projects, and the Departments of Budget and Management and General Services must jointly develop and administer a waiver program for cases in which the use of public art is too costly or not practical.

Bonding and Security

Most State procurements, especially for capital projects, require contractors to submit bid, performance, or payment bonds that guarantee the integrity of their bids or proposals and provide financial compensation to the State if the project is not adequately completed. ***Senate Bill 599*/*House Bill 585* *(both passed)*** prohibit contractors on State projects who require subcontractors to also provide bid, performance, or payment bonds to establish requirements that are more stringent than the bonding requirements to which the contractor is subject under State law. The bills also require a contractor to accept any bond from a subcontractor that would be accepted by the State, as long as it is issued by a surety company authorized to do business in the State or by the Maryland Small Business Development Financing Authority.

The State and local governments are authorized to retain a percentage of the total contract for a public work until the project is completed or substantially completed, although the authorizations differ for the State and for local governments. For construction contracts entered into by local governments in which the contractor has furnished 100% payment security and 100% performance security, the local government may retain no more than 10% of the total value of the contract during the performance of the first half of the contract. Once the first half of the contract has been completed, the public body may retain no more than 5% of the total value of the contract, unless the public body can demonstrate the need to retain more than that amount. ***Senate Bill 140*** ***(Ch. 23)*** and ***House Bill 293*** ***(passed)*** reduce the allowable retainage amounts on construction contracts entered into by local governments. For construction contracts in which the contractor has furnished 100% payment security and 100% performance security, a local government may retain no more than 5% of the total amount of the contract. This brings the retainage amount for local governments in line with that for State projects.

Prevailing Wage

Contractors working on eligible public works projects in Maryland must pay their employees the prevailing wage rate. Eligible public works projects are those carried out by (1) the State, or (2) a local government for which at least 50% of the project cost is paid for by State funds. However, any public works contract valued at less than $500,000 is not required to pay prevailing wages. Many, but not all, public school construction projects meet the 50% threshold for State funds and therefore must pay prevailing wages. ***House Bill 1098*** ***(passed)*** establishes a Task Force to Study the Applicability of the Maryland Prevailing Wage Law. Specifically, the task force is charged with examining how the prevailing wage law is applied to school construction projects. It must report its findings and recommendations to the Governor and the General Assembly by December 31, 2013.

Personnel

Impact of Budget Actions on State Employees

For the second consecutive year, the budget included a cost-of-living adjustment (COLA) for State employees – on January 1, 2014, State employees will receive a 3% COLA. In addition, effective April 1, 2014, State employees performing at or above established standards will receive merit or step increases – the first time such an increase has been provided in five years. The State match of $600 for employees participating in deferred compensation plans, however, was not included in the budget.

In fiscal 2014, the size of the regular State workforce, including State higher education institution employees, will be 79,750 positions. This number represents an increase of 178 positions over fiscal 2013 and is within the limit established by the Spending Affordability Committee.

Collective Bargaining

Chapter 187 of 2009 authorized the State to collectively bargain with the exclusive representative of a bargaining unit for service fees from State employees who are not members of that exclusive representative. Employees of the State's higher education institutions were not included in that Act. ***Senate Bill 841***/***House Bill 863*** ***(both passed)*** authorize an employee organization to collectively bargain with institutions of the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College regarding the right of the employee organization to collect service fees from nonmembers. If a fee is negotiated and collected, employees of the affected institutions whose religious beliefs preclude them from supporting collective bargaining organizations must make an equivalent payment to a charitable organization and provide written proof of payment.

Compensation and Benefits

In an effort to stem increasing health insurance and medical costs, many employers offer wellness programs such as smoking cessation, weight management, stress management, and nutrition education. Wellness programs are designed to promote health or prevent or detect disease or illness, improve clinical outcomes, prevent or reduce admission and readmissions to health care facilities, improve treatment compliance for chronic conditions, promote healthy behaviors, or prevent or control injury.

Senate Bill 224/House Bill 391 (both passed) require the Secretary of Budget and Management to include a "wellness program" in the State Employee and Retiree Health and Wellness Benefits Program. The wellness program must be developed in consultation with the Secretary of Health and Mental Hygiene; promote the goals of the Department of Health and Mental Hygiene State Health Improvement Process; and aim to achieve savings in the State plan over time, from having a healthier workforce for example, that exceed the costs of the wellness program.

Currently, noncommissioned State Police officers and Department of Natural Resources law enforcement officers at the rank of sergeant or below who work on Thanksgiving, Christmas, or New Year's Day are entitled to compensatory time and overtime pay. ***House Bill 665 (Ch. 131)*** expands the application of provisions requiring compensatory time and overtime pay for all State law enforcement officers who work on Thanksgiving, Christmas Day, or New Year's Day. Enactment is contingent on the execution of a collective bargaining agreement between the State and the State Law Enforcement Officers' Labor Alliance, as specified in the Act.

Teleworking

The State Personnel Management System, University System of Maryland, and the Maryland Department of Transportation all have teleworking policies. ***House Bill 136 (Ch. 83)*** establishes a goal of having 15% of eligible Executive Branch employees, including those in agencies with independent personnel management systems; participate in a statewide telework program. The Secretary of Budget and Management must establish the program as well as a statewide telework policy and guidelines. Each unit head in the Executive Branch may designate positions eligible for teleworking.

Hiring Practices

Senate Bill 4 ***(passed)*** prohibits any State appointing authority in the Executive, Legislative, or Judicial Branch from inquiring into the criminal record or history of an applicant for employment until the applicant has been given an opportunity for an interview. The bill includes exemptions for the Department of Public Safety and Correctional Services, any position for which an appointing authority is required by law to conduct a criminal history records check, positions in sheriffs' offices, or any position within the State Personnel Management System exempted by the Secretary of Budget and Management. An appointing authority may still notify an applicant that prior criminal convictions may prohibit employment for some positions.

Pensions and Retirement

After focusing primarily on reforming pension benefits during the 2011 and 2012 legislative sessions, the General Assembly turned its attention in the 2013 legislative session to pension financing, seeking to establish a more secure and actuarially sound financial system for the State Retirement and Pension System (SRPS).

Pension Funding and Governance

Phase Out of Corridor Funding Method

Since fiscal 2002, SRPS has operated under the corridor funding method enacted under Chapter 440 of 2002. The corridor funding method sought to mitigate the effects of fluctuations in market returns on employer contribution rates for the combined teachers' and employees' systems by spreading out those effects over five years. It froze employer contribution rates for both systems at their fiscal 2002 levels as long as the two systems remained actuarially funded between 90% and 110%. If the plans fell out of their corridors, the employer contributions were to be increased by one-fifth of the difference between the prior year's rate and the "true" rate required to fully fund the systems. The employees' combined systems fell out of their corridor in fiscal 2005, followed by the teachers' combined systems in fiscal 2006.

Over time, the level of underfunding prompted by the corridor system has grown, exacerbating the system's declining funded status driven largely by poor investment performance. However, exiting the corridor funding method grew increasingly difficult as the gap between the corridor-based contributions the State has been required to pay and contributions based on the "true" actuarial rate continued to grow, exceeding $500 million for several fiscal years. In response to a request in the fiscal 2013 budget to study options for exiting the corridor funding method, the State Retirement Agency (SRA) and the Department of Legislative Services (DLS) collaborated on a study during the 2012 interim and presented recommendations to the Joint Committee on Pensions. ***Senate Bill 474*/*House Bill 496*** ***(both passed)*** implement the statutory components of those recommendations. Specifically, the bills phase out the corridor funding method over 10 years and replace the system's current tiered amortization policy with a single 25-year closed amortization period. Additional nonstatutory recommendations presented to the Joint Committee on Pensions recommended that the board phase down its investment return assumption over four years from 7.75% to 7.55% and reduce its inflation assumption from 3.0% to 2.8%.

Together, these four components are expected to generate significant short- and long-term savings in employer contributions to SRPS and put the system on more sound actuarial footing by requiring employer contributions to more closely reflect the "true" actuarial contribution rates and eventually eliminate the corridor funding method.

Portion of Fiscal 2014 Pension Reinvestment Held in Reserve

The pension reform legislation enacted as part of Chapter 397 of 2011 included a provision requiring the Governor, in fiscal 2014 and each year after, to reinvest $300 million of the savings generated by the pension reform in the pension trust fund. The fiscal 2014 budget makes a one-time reduction in the fiscal 2014 reinvestment of $87.0 million in general funds, to be held in reserve to address any potential fiscal effects of the federal sequestration on State agencies. If the funds are not needed by January 1, 2014, they will be transferred to the pension trust fund, as originally required in statute. A related study and reporting requirement are discussed below. The Budget Reconciliation and Financing Act of 2013, ***House Bill 102*** ***(passed)***, specifies that the funds held in reserve may not revert to the general fund but may only be transferred as specified in the 2013 budget bill.

Expansion of Local Representation on SRPS Board of Trustees

For the first time ever, Chapter 1 of the First Special Session of 2012 requires local school boards to pay a portion of the employer pension contribution for their employees who are members of either the Teachers' Retirement System or the Teachers' Pension System. ***Senate Bill 741***/***House Bill 390*** ***(both passed)*** add a fifteenth member to the SRPS Board of Trustees to represent the interests of county governments. The individual is appointed by the Governor and must have at least 10 years of experience in financial management and oversight of county government budgets.

Reemployment

In general, an SPRS retiree may be reemployed. However, if the retiree is reemployed by the *same* employer from which the individual retired, there must be a 45-day break in service between the retirement and the return to work. Also, in most cases, the retiree may be subject to a dollar-for-dollar benefit offset if the sum of the retiree's initial benefit and salary exceeds the retiree's average final compensation at the time of retirement.

Senate Bill 477/***House Bill 494*** ***(both passed)*** require the same 45-day break in service if the retiree is reemployed on a contractual, temporary, or permanent basis with *any* employer that participates in SRPS, including a withdrawn local governmental unit if the individual was employed by the withdrawn local government when it was a participating employer. ***Senate Bill 751***/***House Bill 902*** ***(both passed)*** extend by four years (until June 30, 2018) an exemption from the reemployment benefit offset for a reemployed retiree of the State Police Retirement

System if the retiree is reemployed on a contractual basis by the Department of State Police at a rank of trooper first class. The bills also exempt from the reemployment offset a retiree of the State Police Retirement System who is reemployed as a civilian on a contractual basis.

Unused Sick Leave Credit

At retirement, a member of SRPS is entitled to one additional month of creditable service for every 22 days of unused sick leave. If the member has fractional unused sick leave adding to 11 or more days, the member is entitled to one additional month of creditable service. However, a member may not accumulate, and therefore convert to creditable service, more than 15 days of sick leave per year. Also, employees who transfer from one State plan to another State plan without transferring service credit generally may not convert unused sick leave accumulated while in the former plan. Four bills passed during the 2013 session address issues related to credit for unused sick leave.

***Senate Bill 476*/*House Bill 495* (both passed)** clarify the process for calculating creditable service for unused sick leave because the methodology established in statute could not be implemented by SRA given the information provided by employers. The bills conform statute to SRA's current practice without making any substantive changes to the credit available to retiring members. ***Senate Bill 813*/*House Bill 718* (both passed)** allow individuals promoted out of the Correctional Officers' Retirement System (CORS) into the Employees' Pension System (EPS) without transferring creditable service from CORS to EPS to receive creditable service for the total amount of unused sick leave accrued in both systems at the time of retirement. The bills also require DLS and SRA to jointly study the requirement for a CORS member to join EPS when promoted to managerial positions and the cost associated with allowing correctional officers promoted to managerial positions to remain in CORS.

Technical Changes

***Senate Bill 801*/*House Bill 852* (both passed)** make technical and clarifying changes to the statutory provisions addressing annual cost-of-living adjustments for SRPS retirees. The bills consolidate common cost-of-living benefit provisions and clarify the methods by which cost-of-living adjustment benefits are calculated. The bills also contain uncodified language stating that the legislative intent of the bills is to clarify the cost-of-living adjustment provisions, and that the bills may not be construed to alter the benefits an individual is receiving or is entitled to receive.

***Senate Bill 269*/*House Bill 376* (both passed)** require the SRPS Board of Trustees to correct any errors, not just errors in its own records, that result in a retiree or beneficiary receiving a benefit that is different from the benefit to which the retiree or beneficiary is entitled. To the extent practicable, the Board of Trustees is required to adjust any future payments to the actuarial equivalent to which the retiree or beneficiary is entitled.

Participating Governmental Units

***Senate Bill 470*/*House Bill 492* (both passed)** make the Somerset County Economic Development Commission (EDC) eligible to participate in EPS as a participating governmental unit. Somerset County is a participating governmental unit within EPS that participates in the Alternate Contributory Pension Selection (ACPS). A recent audit advised SRA that EDC is not a county agency and that EDC employees are not employees of the county. Therefore, employees of EDC, who had previously participated in EPS and on whose behalf both employee and employer contributions had been made to the system, were not actually eligible for membership in EPS. The bills remedy the oversight by making EDC eligible for membership in EPS. The bills also give employees service credit for past employment during which all contributions were made on their behalf, and ensure that employees who were employed by EDC on June 30, 2011, are eligible for benefits under the ACPS.

***Senate Bill 674*/*House Bill 1024* (both passed)** prohibit specified elected or appointed local officials and Orphans' Court judges from being members of EPS while serving in their current positions. The bills apply to individuals who began serving on or after July 1, 2011, continue to serve in the same position on July 1, 2013, have not been enrolled in the system as of June 30, 2013, and have not had any member or employer contributions made to the system while serving in their current positions.

Budget Bill Studies

Pension Reinvestment Payment

Comprehensive pension benefit reform passed during the 2011 session included a requirement to reinvest savings generated by the reforms, consisting of a payment in addition to the actuarial-determined contribution amount. Beginning in fiscal 2014, the reinvestment payment was set at $300 million. As discussed above, the fiscal 2014 budget restricts a portion of the pension reform savings to be held in reserve during fiscal 2014. Additionally, the fiscal 2014 budget requires the Department of Budget and Management, in conjunction with SRA, to determine an appropriate reinvestment contribution going forward, in light of the State's goals of reducing unfunded liabilities and maintaining budget affordability.

Phased Retirement

***Senate Bill 800*/*House Bill 258* (both failed)** would have created a Task Force to Study Phased Retirement for Maryland State Employees to study and make recommendations regarding a phased retirement option for State employees. Although there is no single definition of phased retirement, it generally relates to the ability of a retirement-eligible employee to remain working in his or her same job on a part-time basis and receive regular compensation for the time spent working while also collecting prorated retirement benefits. The budget committees instead adopted *Joint Chairmen's Report* committee narrative directing the Department of Budget and Management and SRA, working in conjunction with the exclusive bargaining representatives, to study the concept of a phased-in retirement option for experienced State Personnel Management System employees in SRPS.

Title 37 Transfers

Title 37 of the State Personnel and Pensions Article governs transfers of service credit among all State and local retirement systems. In the case of a transfer from a noncontributory system to a contributory system, the contributory system must, at the time of retirement, reduce the benefit paid to a member by the actuarial equivalent of the member contributions that the member would have paid if the individual had earned the old noncontributory credit while a member of the new contributory system. The benefit reduction also includes interest that would have been earned on the foregone member contributions. The budget committees adopted *Joint Chairmen's Report* committee narrative directing SRA to examine issues relating to Title 37 system transfers, including whether any State or local retirement or pension systems are experiencing issues interpreting and implementing a provision related to interest on accumulated contributions.

General Assembly

New Study Committees and Task Forces with Legislative Membership

Each year, the General Assembly creates study committees and task forces that will conduct in-depth studies of important public policy issues. The following bills relate to study committees and task forces that include members of the General Assembly in their membership. They are discussed in greater detail in the appropriate subject-area parts of this *90 Day Report.*

Civil Right to Counsel

Senate Bill 262 ***(Ch. 35)*** establishes the Task Force to Study Implementing a Civil Right to Counsel in Maryland to study, among other things whether low-income individuals should have the right to counsel at public expense in basic human needs cases, such as those involving shelter, sustenance, safety, health, or child custody. Three members of the Senate of Maryland and three members of the House of Delegates will serve on the task force.

Assisting Individuals with Disabilities

The Task Force to Study Temporary Disability Insurance Programs and the Process for Assisting Individuals with Disabilities at Local Departments of Social Services is created by ***Senate Bill 888***/***House Bill 955*** ***(both passed)***. Among other topics, the task force must study benefits available under State and federal law to workers and recently unemployed individuals in Maryland who are disabled. The task force must also compare temporary disability insurance programs in other jurisdictions. Two members of the Senate of Maryland and two members of the House of Delegates are included as members of the task force.

Jurisdiction of the Juvenile Court

House Bill 786 ***(passed)*** creates the Task Force on Juvenile Court Jurisdiction, which is tasked with studying current laws relating to the jurisdiction of the juvenile court and current research on best practices for handling offenses committed by youth in the court system. The task force includes one member of the Senate of Maryland and one member of the House of Delegates.

Students with Intellectual and Developmental Disabilities

House Bill 813 ***(passed)*** establishes the Task Force to Study the Impact of Expanding Credit and Noncredit Courses for Students with Intellectual and Developmental Disabilities. This task force will make recommendations regarding the expansion of credit and noncredit course offerings for students with intellectual and developmental disabilities at public institutions of higher education in the State. One member of the Senate of Maryland and one member of the House of Delegates will serve on the task force.

Special Education Access and Equity

The Commission on Special Education Access and Equity is created by ***House Bill 1161*** ***(passed)***. The commission must study the extent to which parents and guardians of students with disabilities are made aware of their rights under the Individuals with Disabilities Education Act and State law and regulations relating to children with disabilities and potential ways to improve the awareness of these rights. Two members of the Senate of Maryland and two members of the House of Delegates will serve on the task force.

Post-Labor Day Start Date for Public Schools

Senate Bill 963 ***(passed)*** establishes a Task Force to Study a Post-Labor Day Start Date for Maryland Public Schools. The task force must study the impact of moving the start date of the public school year to after Labor Day on the economy and summer tourism, as well as on the education system, including the academic calendar, planning, administration, and facilities use. Two members of the Senate of Maryland and two members of the House of Delegates are included as members of the task force.

Clean Energy Educational Programs

House Bill 226 ***(Ch. 3)***, the Administration’s offshore wind energy legislation, establishes two task forces to study clean energy educational programs, each of which include one member of the Senate of Maryland and one member of the House of Delegates. The Clean Energy Program Task Force must study the feasibility of establishing a terminal degree or certificate program in clean energy at Bowie State University, Coppin State University, Morgan State University, and the University of Maryland Eastern Shore. Similarly, the Clean Energy Technical Education Task Force must study the programs and course offerings in the area of clean energy, with a particular emphasis on wind energy, and identify areas in which additional programs and courses can be offered at the community colleges in the State. For a further discussion of the offshore wind energy legislation, see the subpart "Public Service Companies" within Part H of this *90 Day Report*.

Prevailing Wage Law

The Task Force to Study the Applicability of the Maryland Prevailing Wage Law is created by ***House Bill 1098*** ***(passed)***. Among other things, the task force is required to examine the current prevailing wage law and how it applies to school construction projects; examine contracts bid as prevailing wage and nonprevailing wage contracts; analyze prevailing wage and nonprevailing wage projects to determine project quality; and review other state laws and studies on prevailing wage. Two members of the Senate of Maryland and two members of the House of Delegates will serve on the task force.

Food Allergy Awareness and Food Safety

Senate Bill 390*/*House Bill 9 ***(both passed)*** establish the Task Force to Study Food Allergy Awareness, Food Safety, and Food Service Facility Letter Grading. The task force is required to study and make recommendations regarding food allergy awareness and training, food safety training, and the use of systems for grading and classifying health inspection results for food service facilities in the State. Two members of the Senate of Maryland and two members of the House of Delegates are included as members of the task force.

Program Evaluation ("Sunset Review")

The Maryland Program Evaluation Act, enacted in 1978, is used by the General Assembly as a mechanism to monitor and evaluate approximately 70 regulatory boards, commissions, and other agencies of the Executive Branch of State government. This law requires the Department of Legislative Services (DLS) periodically to undertake the evaluations according to a statutorily based schedule. These evaluations are more commonly known as "sunset review" because the agencies subject to review are usually also subject to termination ("sunset") unless legislation is enacted to reauthorize them. The methodology for conducting the evaluations by DLS involves an extensive evaluation process by DLS staff. The goals of the process have evolved to reflect the General Assembly's interest in identifying the strengths and weaknesses of the various regulatory entities that are subject to program evaluation and addressing through legislation appropriate issues relating to the structure, performance, and practices of the agencies.

This session, the evaluation and termination dates of the following regulatory agencies were extended. Some of these bills also contain substantive changes in an agency's powers and duties, which are discussed in the appropriate subject area parts of this *90 Day Report*.

Senate Bill 237*/*House Bill 206 ***(both passed)*** extend three health occupation boards in the Department of Health and Mental Hygiene – the State Acupuncture Board, the State Board of Dietetic Practice, and the State Board of Occupational Therapy Practice – until 2025.

Senate Bill 238/House Bill 209 ***(both passed***) extend the State Board of Public Accountancy until 2025.

Senate Bill 305 ***(passed)*** repeals the termination date for the Division of Labor and Industry in the Department of Labor, Licensing, and Regulation and requires an evaluation of the division and its associated boards and councils by July 1, 2023. The bill repeals the Advisory Council on Prevailing Wage Rates and delegates its responsibilities to the Prevailing Wage Unit. It retains the termination dates for all other associated boards and the Apprenticeship and Training Council and extends them by 10 years to July 1, 2024.

Senate Bill 672/House Bill 1096 ***(both passed)*** extend the termination date of the State Board of Physicians and its six allied health advisory committees until 2018.

House Bill 1348 ***(passed)*** clarifies and revises the Maryland Program Evaluation Act, including the duties required of DLS in conducting preliminary and full evaluations of governmental activities and units subject to the Act. Specifically, the bill:

- outlines the preliminary evaluation process, specifies when DLS will consider recommending a full evaluation, and limits full evaluations to issues raised by the preliminary evaluation;
- provides that specified boards will only have a full evaluation;
- repeals requirements for appointing an evaluation committee and submitting a preliminary plan; and
- extends the dates by which evaluation reports are due and by which the General Assembly is required to hold hearings.

Annotated Code

Code Revision – Local Government Article

The General Assembly is nearing the completion of the long-term project to revise Maryland's entire code of statutory laws. The purpose of the Code Revision project is to reorganize statutory provisions and restate them in clear language and a modern format without making substantive changes to the law being revised. The Code Revision project is staffed by DLS, and the work is exhaustively reviewed by prominent members of the legal community prior to being introduced as bills.

House Bill 472 ***(Ch. 119)*** revises, restates, and recodifies the laws of the State that relate to local government. The new Local Government Article as a whole governs the laws relating to counties, municipalities, and other local political subdivisions. The article is composed of 13 different former articles of the code that are revised in their entirety in the new Local Government Article and will, therefore, be repealed in their entirety (Article 19, Article 23A, Article 24, Article 25, Article 25A, Article 25B, Article 26, Article 31, Article 49B, Article 75, Article 78A, Article 95, Article 96½) and two articles that are partially revised in the Local Government Article (Article 23 and Article 41).

House Bill 733 ***(Ch. 136)***, a companion bill to the revision, corrects cross-references to the new Local Government Article that appear in other parts of the Annotated Code of Maryland.

Annual Corrective and Curative Bills

Because the General Assembly delegates very little editorial control to the publishers of the Annotated Code with respect to making nonsubstantive and technical changes in the Code, DLS has long had the statutory authority to prepare legislation to make these sorts of changes both in statutory text and bill titles of prior years' enactments.

These corrective measures are the Annual Corrective Bill, ***Senate Bill 284*** ***(Ch. 43)*** and the Annual Curative Bill, ***Senate Bill 283*** ***(Ch. 42)***. Neither enactment contains any substantive change.

Part D
Local Government

Local Government – Generally

Counties and Municipalities

Automated External Defibrillator Programs at Swimming Pools

An automated external defibrillator (AED) is a device about the size of a laptop computer that analyzes the cardiac rhythm of a victim of sudden cardiac arrest, charges the unit, and delivers an electric charge as directed by an operator through adhesive pads placed on the victim's chest. The availability of AED devices at public locations has been studied for several years. ***House Bill 364*** ***(Ch. 107)*** requires counties and municipalities that own or operate swimming pools to develop and implement an AED program that includes provisions which ensure that an AED is provided on-site and that an individual trained in the operation and use of an AED is present at each swimming pool. The Department of Health and Mental Hygiene and the Maryland Institute for Emergency Medical Services Systems must jointly adopt regulations to establish guidelines for periodic inspections and annual maintenance of AEDs and assist counties and municipalities in carrying out the Act's provisions.

Required Legislation or Regulations – Adoption by Reference

Senate Bill 526 ***(passed)*** and ***House Bill 1076*** ***(passed)*** are identical bills that authorize a county or municipality to adopt a State law or regulation by reference if a State law or regulation requires a county or municipality to adopt legislation or a regulation at least as strict as the applicable State law or regulation. The bills require a county or municipality that adopts a State law or regulation by reference to specify whether it also adopts by reference any subsequent amendments to the State law or regulation, and any exceptions to the State law or regulation if the State law or regulation authorizes local options. Additionally, the bills provide that the authorization to adopt a State law or regulation by reference (1) does not affect any requirement that a county or municipality form and maintain a local program, plan, or standard, including implementation and enforcement processes, required under any State law or regulation and (2) if a State law or regulation authorizes local options, does not grant more authority than is granted by that law or regulation.

Code Revision

Local Government Article

House Bill 472 ***(Ch. 119)*** revises, restates, and recodifies the laws of the State that relate to local government. The new Local Government Article is a consolidation of laws relating to counties, municipalities, and other local political subdivisions. The article is composed of 13 former articles of the code that are repealed in their entirety and revised in the new Local Government Article (Article 19, Article 23A, Article 24, Article 25, Article 25A, Article 25B, Article 26, Article 31, Article 49B, Article 75, Article 78A, Article 95, and Article 96½). Additionally, two articles are partially revised in the Local Government Article (Article 23 and Article 41).

House Bill 733 ***(Ch. 136)*** is a companion to ***House Bill 472***. This legislation (1) corrects cross-references to the new Local Government Article; (2) clarifies the application of specified provisions; (3) makes changes to conform sections of the code to references in the new article; (4) deletes obsolete references; (5) provides for the construction and effect of specified provisions; and (6) makes stylistic changes.

The Local Government Article is a product of the continuing revision of the Annotated Code of Maryland by the legal staff of the Office of Policy Analysis of the Department of Legislative Services.

Land Use Article – Clarifications and Corrections

Chapter 426 of 2012 established the Land Use Article, revising, restating, and recodifying the laws of the State that relate to land use. The Land Use Article governs the establishment and implementation of land use mechanisms by local governments in their jurisdictions.

House Bill 1257 ***(passed)*** makes various changes to the Land Use Article in response to issues identified by the Land Use Article Review Committee during the code revision process.

The bill:

- addresses standards for the removal of members, designation of alternate members, and other issues relating to specified commissions and boards;
- requires a planning commission's annual report to state whether changes in development patterns are consistent with specified approved, rather than adopted, plans;

- requires a planning commission to include a fisheries element in the county's comprehensive plan in specified charter and code counties located on tidal waters of the State;
- applies a provision requiring specified visions to be implemented through a charter county's comprehensive plan elements to code counties;
- ensures that consistency between a jurisdiction's comprehensive plan and implementation mechanisms is required for all implementation mechanisms;
- requires a jurisdiction's comprehensive plan to include all required plan elements as of each six-year comprehensive plan review;
- requires copies of a recommended comprehensive plan and amendments to the plan to be provided to regional units responsible for financing or constructing public improvements necessary to implement the plan;
- replaces a reference to "buildings and other structures" with "property" with respect to conserving the value of "property" when a legislative body adopts zoning regulations;
- replaces references to "avoid[ing] an undue concentration of population" with "properly manag[ing] growth and development" with respect to zoning and subdivision regulations;
- recognizes that a transfer of development rights program operates in conjunction with programs for preservation of open space and agricultural land and other development management programs and techniques;
- amends language with respect to conditions and limitations in municipal annexation agreements and a public principal's authority to enter into a development rights and responsibilities agreement for property that is the subject of municipal annexation;
- specifies that judicial review of a map amendment in the Maryland-Washington Regional District applies to both individual and sectional map amendments;
- requires the Prince George's County Planning Board to approve or disapprove a preliminary subdivision plan within 70 days after the complete plan application is submitted to the board;
- clarifies procedures for judicial review of a subdivision approval in Montgomery and Prince George's counties;
- allows the Maryland-National Capital Park and Planning Commission (M-NCPPC) to reissue or renew its tax anticipation notes at an interest rate the commission determines to be advantageous as opposed to the same or a greater interest rate; and

- makes changes to various other provisions relating to (1) mediation over a municipal growth element of a comprehensive plan; (2) the negotiation of the sale of subdivided lots; (3) adequate public facilities waiver reporting; (4) a definition of the term “road” under M-NCPPC provisions; (5) M-NCPPC’s annual financial report; (6) the subpoena power of M-NCPPC’s merit system board; (7) the naming of streets and numbering of houses in the Maryland-Washington Regional District; and (8) a reference to the governing body of Prince George’s County.

Land Use

Comprehensive Planning and Zoning Cycle

Local jurisdictions are required to enact, adopt, amend, and execute a comprehensive plan in accordance with State law. Certain elements must be included in a comprehensive plan and additional permissive elements may be included. A comprehensive plan also must include or implement specified visions stated in the law. At least once every six years, the planning commission of a local jurisdiction is required to review the comprehensive plan and, if necessary, revise or amend the plan to include all required elements and the specified visions. A planning commission may prepare comprehensive plans for one or more geographic sections or divisions of the local jurisdiction if each plan is reviewed and, if necessary, revised or amended at least once every six years.

Corresponding with the comprehensive plan revision process, at least once every six years a local jurisdiction must ensure the implementation of the visions, the development regulations element, and the sensitive areas element through the adoption of applicable zoning laws and planned development, subdivision, and other land use provisions that are consistent with the comprehensive plan.

A local jurisdiction that adopts growth tiers under the Sustainable Growth and Agricultural Preservation Act of 2012 must incorporate the tiers into the jurisdiction’s comprehensive plan or an element of the plan when the jurisdiction conducts the six-year review of the plan. The Sustainable Growth and Agricultural Preservation Act of 2012 is aimed at limiting nutrient pollution to the Chesapeake Bay and other water resources from septic systems and establishes four growth tiers based on specified land use characteristics, which may be adopted by local jurisdictions. A jurisdiction that does not adopt growth tiers is restricted from authorizing residential major subdivisions served by on-site sewage disposal systems, community sewerage systems, or shared systems.

***Senate Bill 671*/*House Bill 409* (both passed)** increase the time period of a local government’s comprehensive planning and zoning cycle to 10 years, instead of 6 years, to better coincide with the release of U.S. decennial census data. The bills also require that, at least once within the five-year period after the adoption or review of the local jurisdiction’s comprehensive plan, the annual report a planning commission must file with the legislative body of the local jurisdiction contain a specified narrative on the implementation status of the plan. By December 1, 2015, the Maryland Department of Planning, along with the Maryland Association of Counties and the Maryland Municipal League, must create a schedule to transition local governments from a 6-year cycle to a 10-year cycle that, to the extent practicable, coincides with the release of census data and allows a local jurisdiction access to that data at the beginning of the comprehensive plan review process.

A local jurisdiction that, as of the bills' effective date, has not incorporated the growth tiers under the Sustainable Growth and Agricultural Preservation Act of 2012 into the jurisdiction's comprehensive plan must do so at the time the jurisdiction was scheduled to conduct its six-year comprehensive plan review prior to the bills taking effect. Failure to do so causes the growth tiers not to be considered as adopted.

Maryland Smart Growth Investment Fund Workgroup

In January 2013, a report of the Concentrating Growth Workgroup of the Maryland Sustainable Growth Commission made recommendations for "priority next steps for financing smart growth" in the State, including a recommendation to establish a renewable funding mechanism for smart growth programs that aims to raise at least $35 million annually. ***Senate Bill 965*/*House Bill 1170* (both passed)** require the Secretary of Housing and Community Development (DHCD) to convene a workgroup to evaluate and make recommendations relating to creating the Maryland Smart Growth Investment Fund.

The bills specify the membership and duties of the workgroup. The bills require the workgroup to:

- review national and international experience in analogous fund creation, management, and governance;
- design a management and governance model to help accelerate smart growth, revitalization, and sustainable development in areas of the State such as sustainable communities and transit-oriented developments;
- identify criteria for how money in the fund would be invested;
- examine potential funding sources, including institutional investors, high net worth investors, and public funds;
- examine investment instruments, including equity, debt, and guarantees;
- examine the benefits of developing "sidecar" funds that would be funded at the county level and would be coordinated with the Maryland Smart Growth Investment Fund; and
- design an investment and management model for the Maryland Smart Growth Investment Fund.

The Secretary of Housing and Community Development must report the workgroup's findings and recommendations to the Governor and the General Assembly by December 31, 2013.

Bi-county Agencies

Washington Suburban Sanitary Commission

The Washington Suburban Sanitary Commission (WSSC) is among the largest water and wastewater utilities in the country, providing water and sewer services to 1.8 million residents in Montgomery and Prince George's counties. It has over 460,000 customer accounts, serves an area of around 1,000 square miles, and currently employs more than 1,500 people. The commission operates three reservoirs, two water filtration plants, and six wastewater treatment plants. The six wastewater treatment facilities, as well as the Blue Plains Advanced Wastewater Treatment Plant, handle as much as 180 million gallons of wastewater per day. The commission maintains nearly 5,600 miles of water main lines and over 5,400 miles of sewer main lines.

System Development Charge – Exemptions

House Bill 636 ***(Ch. 124***) authorizes the Montgomery County Council and the Prince George's County Council to grant an exemption from a system development charge imposed by WSSC to properties owned by a tax-exempt community-based organization that has the primary mission and purpose of providing recreational and educational programs and services to youth. To qualify for the exemption, which is limited to $80,000, the property must be used primarily for youth-related recreational and educational programs and services. The Act terminates in three years, on June 30, 2016.

Sewage Leak Notification Requirements

House Bill 640 ***(Ch. 126)*** and ***House Bill 642*** ***(passed)*** mandate procedures for WSSC to follow for notifying local governments and the public about certain sewage leaks. Chapter 126 requires WSSC, within 24 hours of the discovery of a leak in a sanitary sewer line, pipe, or fixture that is connected to the sanitary sewer system, to (1) notify the county and any municipality in which the sewage leak is located about the sewage leak and the commission's intended action concerning the sewage leak and (2) include on its website notice to the general public about the sewage leak and a phone number for obtaining additional information from the commission.

House Bill 642 requires WSSC, within 24 hours after a leak is reported, to post warning signs at each public access point to a waterway that becomes contaminated by a leak in a sanitary sewer line, pipe, or fixture that is connected to the sanitary sewer system. A posted warning sign must include (1) the source and date of discovery of the leak and (2) contact information, including a telephone number, for the general public to obtain additional information from the commission. WSSC must post the warning signs downstream from the leak in accordance with regulations adopted by the commission and is not required to post any warning sign upstream from the leak. A public access point includes a parking lot, picnic area, boat launching ramp, or a park.

Drinking Water Testing

House Bill 641 ***(Ch. 127)*** requires WSSC to conduct quarterly testing of drinking water for unregulated contaminants included in specified federal regulations. Within 30 days of receiving results that indicate the presence of a contaminant, WSSC must report the results to the county executives of Montgomery County and Prince George's County and publish the results on the WSSC website.

Prevailing Wage

House Bill 650 ***(passed)*** requires the payment of prevailing wages on any public works contract entered into by WSSC that has a contract value of at least $500,000, regardless of funding source.

Minority Business Enterprise – Annual Report Deadline and Extension of the Task Force to Study Rates and Charges

House Bill 638 ***(Ch. 125)*** extends the reporting deadline, from September 15 to October 31, for WSSC to submit an annual report on minority business enterprise programs to the Montgomery County and Prince George's County legislative delegations.

Chapter 685 of 2012 established the Task Force to Study Rates and Charges in the Washington Suburban Sanitary District. ***House Bill 638*** also extends the due date of the report of the task force from December 31, 2012, to December 31, 2013, and extends the termination date of Chapter 685 of 2012 to May 31, 2014.

Maryland-National Capital Park and Planning Commission

The Maryland-National Capital Park and Planning Commission (M-NCPPC) is a bi-county agency serving Montgomery and Prince George's counties that was empowered by the State in 1927 to acquire and administer a regional system of parks within the Maryland-Washington Metropolitan District and administer a general plan for the physical development of the area. In 1970, M-NCPPC became responsible for managing the Prince George's County public recreation program.

High-performance Buildings

House Bill 637 ***(passed)*** specifies that it is the intent of the General Assembly that, to the extent practicable, M-NCPPC must employ green building technologies when constructing or renovating commission-owned buildings. Except as otherwise provided, if an M-NCPPC capital project includes the construction or major renovation of a building that is 7,500 square feet or greater, the building must be constructed or renovated to be a high-performance building. A high-performance building must meet the criteria and standards established under the "High Efficiency Green Building Program" adopted by the Maryland Green Building Council. M-NCPPC may request a waiver from the high-performance building requirement from the county where a proposed capital project is located. The county council, with the approval of the county executive, may grant a waiver from the high-performance building requirement if it is determined that the use of a high-performance building in a proposed capital project is not practicable. M-NCPPC must disclose any waiver issued in its *Capital Improvement Program*.

Payment In Lieu of Taxes Agreement

House Bill 1455 ***(passed)*** authorizes M-NCPPC, beginning July 1, 2014, to enter into a negotiated payment in lieu of taxes agreement for all or a specified part of real or personal property owned by an electricity generation facility that locates in Prince George's County. The payment is in lieu of taxes imposed by M-NCPPC and the real or personal property of the facility is exempt from M-NCPPC property taxes for the duration of the agreement. Before entering into or amending an agreement for a negotiated payment in lieu of taxes agreement with an electricity generation facility, M-NCPPC must obtain (1) certificates endorsed by M-NCPPC's Secretary-Treasurer and the Prince George's County Director of Finance affirming that the terms of the agreement are reasonably expected to generate more revenue for the commission than would be generated if the electricity generation facility did not locate in Prince George's County and (2) the affirmative approval of the terms of the agreement by the Prince George's County Executive, County Council, and Planning Board, as evidenced by an executive order of the county executive, a resolution of the county council, and a resolution of the planning board.

City of Laurel – Boundaries

Chapter 303 of 2008 modified the boundaries of the Maryland-Washington Regional District to exclude the City of Laurel, as its corporate boundaries were defined as of July 1, 2008. Prior to the enactment of Chapter 303, the boundaries of the Maryland-Washington Regional District did not include the City of Laurel, as its corporate boundaries were defined as of July 1, 1994.

House Bill 639 ***(passed)*** modifies the boundaries of the Maryland-Washington Regional District by excluding the City of Laurel as its boundaries exist on July 1, 2013 (rather than July 1, 2008).

Part E
Crimes, Corrections, and Public Safety

Criminal Law

Controlled Dangerous Substances

Medical Marijuana

In 1996, California became the first state to allow the medical use of marijuana. Since then, 17 other states and the District of Columbia have enacted similar laws. Chapter 215 of 2011 required the Secretary of Health and Mental Hygiene to convene a workgroup to develop a model program for facilitating patient access to marijuana for medical purposes. The Secretary was required to report, by December 1, 2011, on the workgroup's findings and provide draft legislation that would establish a program to provide access to marijuana in the State for medical purposes. Due to a lack of consensus, the workgroup ultimately submitted two separate plans for consideration by the General Assembly, one that was based on an investigational use model and another that more closely resembled the traditional medical marijuana program model that is used in other states. While both plans were considered during the 2012 session, neither bill passed.

Medical Marijuana Commission: ***House Bill 1101*** ***(passed)*** allows for the investigational use of marijuana for medical purposes. Specifically, the bill establishes, as an independent commission within the Department of Health and Mental Hygiene, the Natalie M. LaPrade Medical Marijuana Commission to (1) develop requests for applications for academic medical centers to operate programs in the State; (2) approve or deny initial and renewal program applications; and (3) monitor and oversee programs approved for operation. For a more detailed discussion of this bill, see the subpart "Public Health – Generally" within Part J of this *90 Day Report*.

Affirmative Defense for Caregiver: ***Senate Bill 580/House Bill 180*** ***(Chs. 61 and 62)*** establish that it is an affirmative defense, in a prosecution for the possession of marijuana or related paraphernalia, that the defendant possessed marijuana or paraphernalia because the defendant was a caregiver and the marijuana or paraphernalia was intended for medical use by an individual with a debilitating medical condition. The Acts provide that the affirmative defense may not be used if the defendant was assisting in the use of marijuana in a public place or was in possession of more than one ounce of marijuana. The measures also specify that a defendant may assert the affirmative defense only if the defendant notifies the State's Attorney of the intention to assert the affirmative defense and provides the State's Attorney with all documentation in support of the affirmative defense in accordance with the rules of discovery provided in the Maryland Rules.

Cannabimimetic Agents

Cannabimimetic agents, also referred to as "synthetic marijuana" or "synthetic cannabinoids," are chemical substances that are not derived from the marijuana plant but are designed to affect the body in ways similar to THC, the primary psychoactive ingredient in marijuana. Synthetic cannabinoids are typically sprayed onto plant material and marketed under names such as "Spice" or "K2." The popularity and availability of these substances has grown in recent years, and criminal enforcement of the sale and possession of these substances has been challenging, since manufacturers can elude legal bans on products by making slight changes to their chemical structures.

On July 9, 2012, President Obama signed the Synthetic Drug Abuse Prevention Act of 2012 (SDAPA). SDAPA placed 26 substances in the federal list of Schedule I controlled dangerous substances.

***Senate Bill 109*/*House Bill 1* (both passed)** codify cannabimimetic agents identified under SDAPA to the State's list of Schedule I controlled dangerous substances. Cannabimimetic agents are defined as substances that are cannabinoid receptor type 1 (CB1 receptor) agonists as demonstrated by binding studies and functional assays within one of several specified structural classes. The bills also specifically list several chemical substances that are considered cannabimimetic agents.

Firearms

Firearm Safety Act of 2013

The apparent national increase in incidents of mass shootings, and particularly the Sandy Hook Elementary School shooting in Newtown, Connecticut in December 2012, brought renewed focus to issues relating to gun violence and individuals' access to firearms.

***Senate Bill 281* (passed)** modifies and expands the regulation of firearms, firearms dealers, and ammunition in the State and makes changes to related mental health restrictions on the possession of firearms. Among its provisions, the bill extends the scope of current assault pistol prohibitions to all assault weapons, creates a new licensing scheme for handguns under the licensing authority of the Department of State Police, and provides restrictions on ammunition. For a more detailed discussion of this issue, see the subpart "Public Safety" within this Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Accessory after the Fact to Murder

A person convicted of being an accessory after the fact to a felony is guilty of a felony and subject to imprisonment for up to five years or the maximum penalty for the underlying felony, whichever is lesser. ***House Bill 709*** ***(passed)*** increases the maximum penalty for being an accessory after the fact to murder in the first or second degree from 5 to 10 years.

Theft – Related Crimes

Penalties

Chapter 655 of 2009 increased the maximum property value for misdemeanor theft from less than $500 to less than $1,000 and created the three tiers of felony theft listed below:

Value of Property and/or Services	Maximum Penalty
At least $1,000 and less than $10,000	10 years imprisonment and/or a $10,000 fine
At least $10,000 and less than $100,000	15 years imprisonment and/or a $15,000 fine
At least $100,000 or more	25 years imprisonment and/or a $25,000 fine

House Bill 1396 ***(passed)*** modifies the penalties for several theft-related offenses to reflect Chapter 655, including extortion, malicious destruction of property, obtaining property or services by bad check, identity fraud, and exploitation of a vulnerable adult. The bill also amends the charging document for robbery to reflect Chapter 655 and amends the "Notice of Dishonored Check" form to reflect the amended penalties under the bill.

Charging Document for Robbery

A violator of the prohibition against committing or attempting to commit a robbery is guilty of a felony and is subject to imprisonment for up to 15 years. ***House Bill 338*** ***(Ch. 97)*** increases the minimum value of property or service specified in a charging document for robbery from $500 to $1,000 and makes conforming changes to the robbery charging document statute. The Act's changes to the minimum value of property or service specified in a charging document for robbery makes the minimum property value listed in the charging document for felony robbery consistent with the minimum property value for felony theft.

Fraud

Identity Fraud: In February 2012, the Federal Trade Commission and the Consumer Sentinel Network (CSN), a consortium of national and international law enforcement and private security entities, released the Consumer Sentinel Network Data Book for calendar 2011. According to the report, CSN received 279,156 identity theft complaints during calendar 2011, up from 86,250 complaints in calendar 2001. Identity theft was the most common type of complaint CSN received during 2011. Maryland had 4,980 complaints, making it the state with the ninth highest rate of complaints per 100,000 population.

***Senate Bill 624*/*House Bill 942* (both passed)** prohibit a person from (1) knowingly, willfully, and with fraudulent intent possessing, obtaining, or helping another person to possess or obtain any personal identifying information of an individual, without the consent of the individual, in order to access health information or health care in the name of the individual; (2) knowingly and willfully assuming the identity of another person, including a fictitious person, with fraudulent intent to access health information or health care; and (3) knowingly, willfully, and with fraudulent intent using a re-encoder or a skimming device to engage in specified activities in order to access medical information or services. A violator is subject to current statutory penalties for identity fraud based on the value of the health information or health care.

Fraudulent Liens: ***House Bill 941* (passed)** prohibits a person from filing a lien or encumbrance in a public or private record against the real or personal property of another if the person knows that the lien or encumbrance (1) is false or (2) contains or is based on a materially false, fictitious, or fraudulent statement or representation. A violator is guilty of a misdemeanor, and subject to imprisonment for up to one year and/or a $10,000 maximum fine for a first violation and imprisonment for up to five years and/or a $10,000 maximum fine for each subsequent violation.

Crimes Relating to Children

Reporting Death or Disappearance of a Minor

According to the National Conference of State Legislatures, as of September 19, 2012, 11 states have enacted legislation criminalizing the failure to report a missing or deceased child. ***House Bill 311* (passed)** prohibits a parent or other person who has permanent care or custody or responsibility for the supervision of a minor who is under the age of 13 from recklessly or willfully failing to notify the appropriate law enforcement agency that the minor is a "missing child" within 24 hours of the time at which the parent or other person knew or should have known that the minor is a missing child, unless the disappearance of the minor has already been reported to the appropriate law enforcement agency. "Missing child" is defined as a minor whose whereabouts are unknown to a parent or other person who has permanent care and custody or responsibility for the supervision of the minor. A violator is guilty of a misdemeanor and subject to imprisonment for up to three years.

The bill also requires a parent or other person who has permanent care or custody or responsibility for the supervision of a minor to report the death of a minor to the appropriate law enforcement agency or medical authority within five hours of becoming aware of the death unless the death has already been reported to the appropriate law enforcement agency or medical authority. A violator is guilty of a misdemeanor and subject to imprisonment for up to three years.

Electronic Harassment of a Minor

According to the U.S. Centers for Disease Control and Prevention's 2011 Youth Risk Behavior Surveillance System, 16% of high school students reported being electronically bullied in the past year. ***House Bill 396*** ***(passed)***, "Grace's Law," prohibits a person from using an "interactive computer service" to maliciously engage in a course of conduct that inflicts serious emotional distress on a minor or places a minor in reasonable fear of death or serious bodily injury with the intent (1) to kill, injure, harass, or cause serious emotional distress to the minor or (2) to place the minor in reasonable fear of death or serious bodily injury. An "interactive computer service" means an information service, system, or access software provider that provides or enables computer access by multiple users to a computer server, including a system that provides access to the Internet and cellular phones. A violator is guilty of a misdemeanor and subject to imprisonment for up to one year and/or a $500 maximum fine.

The bill is named in honor of Grace McComas, a 15-year-old from Howard County who, after repeated and vicious harassment online by a neighbor, committed suicide in April 2012.

Aiming Laser Pointer at an Aircraft

Under the Federal Aviation Administration (FAA) Modernization and Reform Act of 2012, aiming the beam of a laser pointer at an aircraft is a crime. In June 2011, FAA announced that it would impose civil penalties against individuals who point lasers at the cockpit of an aircraft. According to the Federal Bureau of Investigation and FAA, there were 3,591 laser-related incidents that affected aircrafts in calendar 2011.

Subject to certain exceptions, ***Senate Bill 19*** ***(passed)*** makes it a crime for a person to knowingly and willfully shine, point, or focus the beam of a laser pointer on an individual operating an aircraft. A violator is guilty of a misdemeanor and subject to imprisonment for up to three years and/or a $2,500 maximum fine.

Threat Against State or Local Officials

A person may not knowingly and willfully make a threat to take the life of, kidnap, or cause physical injury to a State or local official. ***House Bill 489*** ***(passed)*** adds deputy State's Attorneys, assistant State's Attorneys, and assistant Public Defenders to the list of State and local officials against whom threats may not be made. A violator is guilty of a misdemeanor and subject to imprisonment for up to three years and/or a $2,500 maximum fine.

Animal Cruelty

Incidents involving the use of dogs to train fighting dogs or to test the fighting or killing skill of another dog, a practice known as "baiting," led to concern that existing laws prohibiting dog fighting were insufficient to address the problem of dog baiting.

Senate Bill 360 ***(Ch. 44)*** prohibits a person from (1) using or allowing a dog to be used for baiting; (2) possessing, owning, selling, transporting, or training a dog with the intent to use the dog for baiting; or (3) knowingly allowing premises under the person's ownership, charge, or control to be used for baiting. Violators are guilty of the felony of aggravated cruelty to animals and are subject to imprisonment for up to three years and/or a $5,000 maximum fine. Under the Act, a court may also order a violator to undergo and pay for psychological counseling.

Crimes Involving Vehicles

An occupant of a motor vehicle may not possess an open container with any amount of alcoholic beverage and a passenger occupant may not consume an alcoholic beverage in the passenger area of a motor vehicle on a highway. The prohibition only applies to passengers in certain types of vehicles. A violation is a civil offense, subject to a maximum fine of $25, which may be charged as a civil citation by a police officer.

House Bill 430 ***(passed)*** alters the definition of "motor vehicle" to expand the types of motor vehicles for which an occupant is prohibited from consuming or possessing an alcoholic beverage in the passenger area while on a highway. For further discussion of this issue, see the subpart "Motor Vehicles" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Criminal Procedure

Death Penalty

Persons charged with first degree murder, if found guilty, are subject to penalties of life imprisonment, life imprisonment without parole, or death. During the 2009 session, the General Assembly passed legislation altering the application of the death penalty in Maryland. Chapter 186 of 2009 restricted death penalty eligibility only to cases in which the State presents the court or jury with (1) biological or DNA evidence that links the defendant with the act of murder; (2) a videotaped, voluntary interrogation, and confession of the defendant to the murder; or (3) a video recording that conclusively links the defendant to the murder. A defendant may not be sentenced to death if the State relies solely on evidence provided by eyewitnesses in the case.

Senate Bill 276 ***(passed)*** repeals the death penalty and all provisions relating to it, including those relating to its administration and post-death sentence proceedings. The bill requires a person found guilty of murder in the first degree to be sentenced to imprisonment for life or imprisonment for life without the possibility of parole. The bill also specifies that if the State has already properly filed a notice of intent to seek a death sentence, that notice must be considered withdrawn. In such instance, the State must also be considered to have properly filed notice to seek a sentence of life imprisonment without the possibility of parole. In addition, the bill specifies that the Governor may change a sentence of death into a sentence of life without the possibility of parole.

Citations

Pursuant to Chapters 504 and 505 of 2012, as of January 1, 2013, in addition to any other law allowing a crime to be charged by citation, a police officer must issue a citation for (1) possession of marijuana and (2) any misdemeanor or local ordinance violation that does not carry a penalty of imprisonment or carries a maximum penalty of imprisonment for 90 days or less, with specified exceptions.

The officer may issue the citation only if (1) the officer is satisfied with the defendant's evidence of identity; (2) the officer reasonably believes that the defendant will comply with the citation; (3) the officer reasonably believes that the failure to charge on a statement of charges will not pose a threat to public safety; (4) the defendant is not subject to arrest for another criminal charge arising out of the same incident; and (5) the defendant complies with all lawful orders by the officer. A police officer who has grounds to make a warrantless arrest for an offense that may be charged by citation (1) may issue a citation in lieu of making the arrest or (2) make the arrest and subsequently issue a citation in lieu of continued custody.

House Bill 742 ***(passed)*** an emergency bill, authorizes a police officer to charge by citation for sale of an alcoholic beverage to an underage drinker or intoxicated person, malicious destruction of property with damage valued at less than $500, or misdemeanor theft. Any issuance of citations under the bill must meet existing statutory requirements for charging a defendant by citation. Prior to the enactment of Chapters 504 and 505 of 2012, all of the offenses listed in the bill could have been charged through the issuance of a citation.

Bail Bonds

"Cash bail" or "cash bond" is bail or a bond that must be posted to the court in cash.

Senate Bill 505/House Bill 777 ***(both passed)*** specify that if an order setting "cash bail" or "cash bond" specifies that the bail or bond may be posted by the defendant only, the bail or bond may be posted by the defendant, by an individual, or by a private surety acting for the defendant that holds a certificate of authority in the State. An order setting "cash bond" or "cash bail" for a failure to pay support under the Family Law Article may only be posted by the defendant, unless otherwise ordered by the court or a District Court commissioner.

Specific Offenses

Murder and Manslaughter

Crimes are typically prosecuted in the jurisdiction in which they were committed. However, statute provides exceptions in specific instances, such as when a crime is committed at the boundary between counties.

House Bill 909 ***(passed)*** authorizes the prosecution of a person for first degree murder, second degree murder, or manslaughter to be brought in the county in which the crime occurred or, if the location of the crime cannot be determined, in the county in which the body or parts of the body were found. The bill's provisions do not apply if an existing statutory exception for prosecutorial venue applies to the case.

Human Trafficking

The human trafficking statute prohibits a number of acts, many of which are prostitution-related. A person who commits human trafficking involving an adult victim is guilty of a misdemeanor and subject to imprisonment for up to 10 years and/or a $5,000 maximum fine. A person who commits human trafficking involving a victim who is younger than 18 years old (a minor) is guilty of a felony and subject to imprisonment for up to 25 years and/or a maximum fine of $15,000.

House Bill 933 ***(passed)*** establishes that a person charged with human trafficking of a minor may not assert a defense that the person did not know the age of the victim.

House Bill 713 ***(passed)*** authorizes State and local law enforcement agencies to seize property in connection with human trafficking and other specified crimes and establishes procedures for the seizure, forfeiture, and sale of property related to these crimes. The bill applies to offenses committed on or after October 1, 2013. Property may only be seized or forfeited by a defendant found guilty of an applicable offense. Proceeds from the sale of seized or forfeited property must, after specified expenses are paid, be distributed to the general fund of the State or of the political subdivision that seized the property.

Victims' Rights

A "victim" is a person who suffers personal injury or property damage or loss directly resulting from a crime or delinquent act. Under Maryland law, a victim of a crime or delinquent act (or a representative in the event the victim is deceased, disabled, or a minor) has a broad range of specific rights during the criminal justice process. Most of the rights available to a victim of a crime in which the offender is an adult are also available to a victim of a delinquent act by a child.

In general, a court is authorized to order a defendant or child respondent to make restitution for a variety of expenses incurred or property losses sustained by a victim, including loss of earnings. This restitution is in addition to any penalties for the commission of a crime or delinquent act. A victim is presumed to have a right of restitution if the victim or the State makes a request to the court and the court is presented with competent evidence of the claimed loss/expense.

A judgment of restitution does not preclude the property owner or victim who suffered personal physical or mental injury, out-of-pocket loss of earnings, or support from bringing a civil action to recover damages from the restitution obligor. A civil verdict made in these cases must be reduced by the amount paid under the criminal judgment of restitution.

A victim who alleges that the victim's right to restitution was not considered or was improperly denied may file a motion requesting relief within 30 days of the denial or alleged failure to consider. If the court finds that the victim's right to restitution was not considered or was improperly denied, the court may enter a judgment of restitution.

House Bill 250 ***(passed)*** specifies that if a court finds that a victim's right was not considered or was denied, the court may grant relief to the victim so long as the remedy does not violate a criminal defendant's or child respondent's constitutional right to be free from double jeopardy. The court is not permitted to provide a remedy that modifies a sentence of incarceration of a defendant or commitment of a child respondent unless the victim requests relief from a violation of the victim's right within 30 days of the alleged violation.

The bill also expands the rights of victims by establishing that a victim of any crime (rather than only a victim of violent crime) has the right to file an application for leave to appeal to the Court of Special Appeals from an interlocutory order and has the right to a direct appeal to the Court of Special Appeals from a final order denying the victim specified victims' rights. Finally, the bill requires that, subject to specified exceptions, payment of restitution to a victim has priority over any payments to any other person or governmental unit.

Expungement

In general, expungement of a record means removal of the record from public inspection. Under the Criminal Procedure Article, a person who has been charged with the commission of a crime may file a petition for expungement listing the relevant facts of a police record, court record, or other record maintained by the State or a political subdivision of the State, under various circumstances listed in the statute. These grounds include acquittal, dismissal of charges, entry of probation before judgment, entry of *nolle prosequi*, *stet of charge*, and gubernatorial pardon. Individuals convicted of specified public nuisance crimes are also eligible for expungement of the associated criminal records under certain circumstances.

If two or more charges, other than one for a minor traffic violation, arise from the same incident, transaction, or set of facts, they are considered to be a unit. If a person is not entitled to expungement of one charge or nuisance conviction in a unit, the person is not entitled to expungement of any other charge in the unit.

House Bill 854 ***(passed)*** authorizes a person found not criminally responsible (NCR) of specified crimes to file a petition for expungement of a police record, court record, or other record maintained by the State or a political subdivision of the State. Under the bill, a person may not file a petition for expungement based on an NCR finding within three years after the NCR finding was made. Also, a person is not entitled to expungement if, since the finding of NCR, the person was convicted of a crime other than a minor traffic violation or is a defendant in a pending criminal proceeding.

The bill applies to individuals found NCR for specified misdemeanors and specified public nuisance crimes, including public urination/defecation, panhandling, loitering, and vagrancy. The bill also authorizes expungement for a person found NCR under any State or local law that prohibits misdemeanor trespass, disturbing the peace, or telephone misuse.

Task Force on Juvenile Court Jurisdiction

In general, the juvenile court has jurisdiction over a child alleged to be delinquent, in need of supervision, or who has received a citation for an alcoholic beverage violation. The juvenile court does not have jurisdiction over children at least age 16 who are alleged to have committed specified violent crimes, children age 14 and older charged with a capital crime, and children who have previously been convicted as an adult of a felony and are subsequently alleged to have committed an act that would be a felony if committed by an adult. However, a circuit court may transfer a case involving such a child to the juvenile court if such a transfer is believed to be in the interests of the child or society (reverse waiver). A reverse waiver is not permitted in certain circumstances, including if a child was previously transferred to juvenile court and adjudicated delinquent. At a transfer hearing, the court must consider the same criteria that must be considered at a waiver hearing and may order that a study be made concerning the child, the child's family and environment, and other matters concerning the disposition of the case.

In general, a child may not be committed or transferred to any public or private facility or institution unless the child is placed in accommodations that are separate from other persons age 18 or older. The child cannot be treated in any group with persons who are age 18 or older.

House Bill 786 ***(passed)*** establishes the Task Force on Juvenile Court Jurisdiction, to be staffed by the Governor's Office of Crime Control and Prevention. The task force must (1) study current laws relating to the jurisdiction of the juvenile court and (2) review current research on best practices for handling offenses committed by youth in the court system. The task force must report its findings and recommendations to the Governor and the General Assembly by December 1, 2013. For a more detailed discussion of this bill, see the subpart "Juvenile Law" within this Part E of the *90 Day Report*.

Warrants

Chapter 525 of 2012 authorized a law enforcement agency to make a written request for the State's Attorney within the appropriate jurisdiction to have a specified warrant, summons, or other criminal process for a misdemeanor offense in the possession of the law enforcement agency invalidated and destroyed due to the age of the document and unavailability of the defendant, or other special circumstances. The document that a law enforcement agency may request to be invalidated and destroyed must have remained unexecuted for a specified period of time and include a warrant, summons, or other criminal process issued (1) for the arrest of the defendant in order that the defendant might stand for trial; (2) for the failure of the defendant to make a deferred payment of a fine or costs as ordered by the court; (3) for a violation of probation; and (4) for the arrest of the defendant for the failure of the defendant to appear as directed by the court.

Based on the length of time the document has remained unexecuted, a State's Attorney who receives a request is authorized or required to petition the administrative judge of the district for the invalidation and destruction of the document. Additionally, a State's Attorney may argue against the invalidation and destruction of the document due to a justifiable continuing active investigation of the case.

The court must order the invalidation and destruction of the document unless the court determines that preservation of the document is justifiable. At the time of the order, the State's Attorney may enter a *nolle prosequi* or place the applicable case on the *stet* docket. An arrest cannot be made based on a warrant or other criminal process that has been ordered invalidated and destroyed.

The provisions do not (1) prevent the reissuance of a warrant, summons, or other criminal process; (2) affect the time within which a prosecution for a misdemeanor may be commenced; or (3) affect any pending criminal charge.

House Bill 1220 ***(passed)*** clarifies that the provisions of Chapter 525 of 2012 may not be construed to nullify or remove a failure to appear designation that has been placed on an individual's driving record by the Motor Vehicle Administration. The bill also limits the circumstances under which a State's Attorney may argue against the invalidation and destruction of a warrant, summons, or other criminal process to include only those for which the State's Attorney has petitioned the court for invalidation and destruction due to a justifiable continuing active investigation in the case.

Wiretapping

Except as otherwise provided in statute, it is unlawful for a person to (1) willfully intercept, endeavor to intercept, or procure any other person to intercept a wire, oral, or electronic communication; (2) willfully disclose, or endeavor to disclose, to any other person the contents of a wire, oral, or electronic communication, knowing or having reason to know that the information was obtained through an illegal intercept; and (3) willfully use, or endeavor to use, the contents of a wire, oral, or electronic communication, knowing or having reason to know that the information was obtained through an illegal intercept.

However, it is lawful for law enforcement officers and persons acting with the prior direction and under the supervision of law enforcement officials to intercept communications as part of a criminal investigation to provide evidence of the commission of several specified crimes. The exception applies so long as the interceptor is a party to the communication or one of the parties to the communication has given prior consent to the interception.

In addition, the Attorney General, State Prosecutor, or any State's Attorney may apply to a judge of competent jurisdiction to grant an order authorizing interception of wire, oral, or electronic communications by investigative or law enforcement officers when the interception may provide or has provided evidence of the commission of specified crimes.

House Bill 116/Senate Bill 267 ***(Chs. 38 and 39)*** add abuse or neglect of a vulnerable adult and offenses relating to Medicaid fraud under the Criminal Law Article to the list of crimes for which evidence may be gathered during a criminal investigation through the interception of oral, wire, or electronic communications. The Acts also add these offenses to the list of crimes for which a judge may grant an order authorizing the interception of wire, oral, or electronic communications.

Juvenile Law

Out-of-home Placements

After a child has been adjudicated delinquent, the juvenile court, at a disposition hearing, may place the child under supervision in the child's own home or in the custody or under the guardianship of a relative or other fit person, on terms the court deems appropriate, including community detention. A child may also be committed to the custody or guardianship of the Department of Juvenile Services (DJS) or other agency on terms that the court considers appropriate, including designation of the type of facility where the child is to be accommodated. The court may also order the child or the child's parents, guardian, or custodian to participate in rehabilitative services that are in the best interest of the child and the family.

House Bill 916 ***(passed)*** prohibits a child from being committed to DJS for out-of-home placement if the most serious offense for which the child has been adjudicated is (1) possession of marijuana; (2) possession or purchase of a noncontrolled substance; (3) disturbing the peace or disorderly conduct; (4) malicious destruction of property; (5) an offense involving inhalants; (6) an offense involving prostitution; (7) theft involving amounts less than $1,000; or (8) trespass. A child whose most serious offense is one specified above may be committed to DJS for out-of-home placement if (1) the child previously has been adjudicated delinquent for three or more offenses arising from separate and independent circumstances; (2) the child waives the prohibition and the court accepts the waiver as knowing, intelligent, and voluntary; or (3) the court makes a written finding, including the specific facts supporting the finding, that the placement is necessary for the welfare of the child or in the interest of public safety. The Act may not be construed to prohibit the court from committing the child to another appropriate agency.

Confidentiality of Juvenile Records

In general, a court record concerning a child is confidential and its contents may not be divulged, by subpoena or otherwise, except by court order upon a showing of good cause or in certain circumstances relating to notification of a local superintendent or nonpublic school principal on the arrest of a child for specified offenses. This prohibition does not restrict access to and the use of court records or fingerprints in court proceedings involving the child by personnel of the court, the State's Attorney, counsel for the child, a court-appointed special advocate for the child, or authorized personnel of DJS. Subject to certain exceptions, the restriction also does not prohibit access to and confidential use of the court record or fingerprints of a child by DJS or in an investigation and prosecution by a law enforcement agency.

Disclosure to Out-of-state Agencies

DJS is currently authorized to provide access to and the confidential use of a treatment plan of a child by an agency in the District of Columbia or a state agency in Virginia if the agency (1) performs the same functions in its jurisdiction as DJS does in Maryland; (2) has a reciprocity agreement with Maryland; and (3) has custody of the child. A shared record may only provide information that is relevant to the supervision, care, and treatment of the child. ***House Bill 264*** ***(passed)*** expands access to juvenile records by authorizing access to juvenile court records by any agency described above or by any State agency in Delaware, Pennsylvania, or West Virginia that meets the established criteria. The bill also repeals the requirement that the agency have custody of the child in order to obtain access to the information.

Access by Baltimore City Health Department

Chapter 10 of 2006 established the authority of the Baltimore City Health Department (BCHD) to access various records of children who were victims of violence or who were under the health department's care. Chapters 602 and 603 of 2008 extended the original termination date of Chapter 10 to September 30, 2011, and authorized BCHD to also access records as they pertained to a child who committed a crime that caused a death or near fatality.

Senate Bill 473/***House Bill 588*** ***(both passed)*** allows BCHD's Office of Youth Violence Prevention (OYVP) access to child in need of assistance records and juvenile delinquency court and police records if (1) OYVP is providing treatment or care to a child and the disclosure is related to that purpose; (2) the record concerns a child convicted of a crime or adjudicated delinquent for an act that caused a death or near fatality; or (3) the record concerns a victim of a "crime of violence," who is a child residing in Baltimore City, for the purpose of developing appropriate programs and policies aimed at reducing violence against children in Baltimore City. Reports or records concerning child abuse or neglect must also be disclosed, on a written request, to OYVP if the above circumstances apply. On written request, DJS must disclose to OYVP any confidential research records concerning a child if any of the above circumstances apply. OYVP must keep confidential any information provided, is liable for unauthorized release of information, and must submit a report detailing the purposes for which a record under the Act is used.

The Baltimore City Mayor's Office on Criminal Justice (BCMOCJ) may also access juvenile police records if it is providing programs and services to a child who is the subject of the record for related purposes. BCMOCJ may also have access to and confidential use of a court record if it is providing programs and services in conjunction with the Baltimore Police Department to a child who is the subject of the record, for a purpose relevant to the provision of the programs and services and development of a comprehensive treatment plan.

The Department of State Police (DSP) must provide to OYVP and BCMOCJ, on written request, information concerning (1) a victim of a "crime of violence" who is a child residing in Baltimore City and (2) a child convicted of a crime or adjudicated delinquent for an act that caused a death or near fatality. OYVP and BCMOCJ must keep any information provided confidential and use the information solely to develop appropriate programs and policies, as specified. OYVP and BCMOCJ are liable for the unauthorized release of information provided by DSP.

Task Forces, Workgroups, and Studies

Task Force on Juvenile Court Jurisdiction

In general, the juvenile court has jurisdiction over a child alleged to be delinquent, in need of supervision, or who has received a citation for alcoholic beverage violations. The juvenile court may waive jurisdiction over a child alleged to be delinquent who is age 15 or older, or who is younger than age 15 and is charged with committing an act which, if committed by an adult, would be punishable by death or life imprisonment. The court may waive its jurisdiction only after it has conducted a waiver hearing held prior to the adjudicatory hearing and after notice has been given to all parties. The court may not waive its jurisdiction over a case unless it determines, from a preponderance of the evidence presented at the hearing, that the child is an unfit subject for juvenile rehabilitative measures.

The juvenile court does not have jurisdiction over children at least age 16 who are alleged to have committed specified violent crimes, children age 14 and older charged with a capital crime, and children who have previously been convicted as an adult of a felony and are subsequently alleged to have committed an act that would be a felony if committed by an adult. However, a circuit court may transfer a case involving such a child to the juvenile court if such a transfer is believed to be in the interests of the child or society ("reverse waiver").

House Bill 786 ***(passed)*** establishes the Task Force on Juvenile Court Jurisdiction. The task force is required to (1) study current laws relating to the jurisdiction of the juvenile court and (2) review current research on best practices for handling offenses committed by youth in the court system. In addition, the Task Force must make recommendations regarding (1) whether or not to eliminate the existing exclusionary offenses that automatically result in adult charges for youth and restore juvenile court discretion; (2) the benefits of retaining youth under the jurisdiction of the juvenile court; (3) methods to reduce the number of youth in adult detention centers and prisons; and (4) the long-term fiscal impact of treating youth in the adult criminal system. The Governor's Office of Crime Control and Prevention is required to provide staff for the task force. The task force must report its findings and recommendations to the Governor and the General Assembly on or before December 1, 2013. The task force terminates on May 31, 2014.

Graduated Responses Report

In 2008, the Violence Prevention Initiative (VPI) began in Baltimore City and expanded statewide. VPI is an intensive supervision program intended to reduce the number of juvenile homicides and nonfatal shootings. It focuses on youth under supervision who are believed to be at high risk of either violent offending or violent victimization. VPI includes intensive surveillance with frequent contacts with youth at nontraditional hours on evenings and weekends and electronic monitoring, as well as enhanced service delivery such as drug treatment and employment training. VPI incorporates a continuum of graduated responses to ensure that immediate and appropriate actions are consistently applied when juveniles are noncompliant.

***Senate Bill 536*/*House Bill 604* (both passed)** require DJS to report to the Senate Judicial Proceedings and House Judiciary committees, by December 1, 2014, on the implementation of a system of "graduated responses" for children under the jurisdiction of DJS. "Graduated responses" means an accountability-based series of sanctions, including incentives, treatment, and services, applicable to children within the juvenile justice system, administered to hold children accountable for their actions, and to protect communities from the effects of juvenile delinquency by providing appropriate sanctions for every act for which a child is adjudicated delinquent, by encouraging law-abiding behavior, and by preventing subsequent involvement in the juvenile justice system.

Prince George's County Juvenile Court and School Safety Workgroup

***House Bill 1338* (passed)** creates the Prince George's County Juvenile Court and School Safety Workgroup, which is to be staffed by DJS.

The workgroup is required to (1) review and analyze school arrest and referral data collected by DJS and the Prince George's County School System and based on that data, identify the most common offenses for which students are arrested and referred to juvenile court; (2) recommend interagency policies to reduce the number of school-based arrests and referrals for certain misdemeanor offenses to DJS and the juvenile court by diverting more youth to school- and community-based programs, with the goal to decrease the overrepresentation of African American youth in the juvenile justice system; (3) recommend strategies to more fully use current resources and expand school- and community-based support services for youth who exhibit behavior problems in school; (4) recommend a criteria-based, decision making process for referring students to school- or community-based programs and services instead of to the juvenile justice system for misdemeanor-type delinquent acts involving offenses identified by the workgroup; (5) recommend criteria for diversion programs developed for juveniles who have been charged with less serious delinquent acts and who the juvenile court believes would benefit from community alternatives instead of probation or commitment to DJS; (6) hold at least two public meetings before October 1, 2013, during which the workgroup seeks testimony from the public and juvenile advocacy groups; and (7) develop a collaborative action plan to reduce the number of school-based arrests and referrals to the juvenile court. The workgroup must report its findings, action plan, and recommendations by December 15, 2013.

Extension of Child in Need of Supervision Pilot Program

Under Chapter 601 of 2005, the Secretary of Juvenile Services was required to establish a DJS Child In Need of Supervision (CINS) Pilot Program in Baltimore City and Baltimore County. Under the pilot program, local management boards must select community-based providers that offer assessment, intervention, and referral services to children in Baltimore City and Baltimore County who are alleged to be in need of supervision. The designated assessment service providers must be contracted and funded by the local management board in

Baltimore City and Baltimore County. The Governor was required to include $250,000 annually in the fiscal 2007 through 2010 State budgets. Chapter 420 of 2009 extended the termination date of the pilot program to June 30, 2013, and continued the requirement for the Governor to include $250,000 annually in the fiscal 2011 through 2013 State budgets. ***House Bill 1320*** ***(passed)*** extends to June 30, 2016, the termination date of the CINS Pilot Program in Baltimore City and Baltimore County.

Public Safety

Firearm Safety Act of 2013

In 2012, a series of mass killings shocked the nation. Among those horrific events were two of the deadliest shootings in United States history: the July 20 incident in an Aurora, Colorado movie theater, in which 12 people died and 70 people were injured; and the December 14 massacre of 20 children and 6 adults in a Newtown, Connecticut elementary school. In response, several states, including Maryland, New York, Connecticut, and Colorado passed sweeping gun control legislation.

Senate Bill 281 ***(passed)*** is Maryland's most far-reaching package of gun control measures in several years. The numerous provisions of the bill are distilled from more than three dozen gun control proposals that were introduced in the General Assembly.

Assault Weapons

The bill creates a definition of "assault weapon," encompassing assault pistols, assault long guns, and copycat weapons. "Assault pistol" is already defined under the Public Safety Article. An "assault long gun" is defined as any of 45 specific assault weapons regulated under the Public Safety Article. Finally, the bill defines "copycat weapon" as a weapon that is a semiautomatic pistol, semiautomatic centerfire rifle, or semiautomatic shotgun and that has specified features.

The bill applies prohibitions now directed only to assault pistols to all assault weapons. Thus, with specified exceptions, the bill prohibits the transporting, possessing, selling, offering to sell, transferring, purchasing, or receiving any assault weapon.

The bill allows a person who lawfully possessed, has a purchase order for, or completed an application to purchase an assault long gun or a copycat weapon before October 1, 2013, to continue to possess and transport the assault long gun or copycat weapon or, if carrying a court order requiring surrender of the weapon, transport the unloaded weapon directly to a law enforcement unit, having notified the unit of the transport. A number of specified persons and circumstances are exempted from the prohibitions related to the possession of assault weapons and detachable magazines.

Senate Bill 281 clarifies that certain assault weapon possession prohibitions do not apply to those received by inheritance, if the inheriting person is not otherwise disqualified from possessing a regulated firearm. The bill also includes within the definition of "convicted of a disqualifying crime" a case in which a person received probation before judgment for a crime of violence or a domestically related crime. "Convicted of a disqualifying crime" does not include a case in which a person received a probation before judgment for an assault in the second degree or that was expunged.

10-Round Limit on Magazines

The bill reduces the allowable detachable magazine capacity for the manufacture, sale, purchase, receipt, or transfer in the State from 20 to 10 rounds of ammunition for a firearm. The bill similarly reduces referenced limits on magazine capacities under penalty provisions applicable to use of an assault weapon in the commission of a felony or crime of violence.

Ammunition

The bill prohibits a person, during and in relation to the commission of a crime of violence, from possessing or using "restricted firearm ammunition." "Restricted firearm ammunition" is defined as a cartridge, shell, or any other device that (1) contains explosive or incendiary material designed and intended for use in a firearm and (2) has a core constructed, excluding traces of other substances, entirely from one or a combination of tungsten alloys, steel, iron, brass, beryllium copper, depleted uranium, or an equivalent material of similar density or hardness. A violator is guilty of a misdemeanor and on conviction is subject to imprisonment not exceeding five years or a fine not exceeding $5,000 or both.

The bill also prohibits the possession or use of restricted firearm ammunition (sometimes called "cop killer bullets") during or in relation to the commission of a crime of violence.

Handgun Qualification License

Under ***Senate Bill 281***, a new licensing scheme for handguns under the licensing authority of the Department of State Police (DSP) is established. A "handgun qualification license" authorizes a person to purchase, rent, or receive a handgun. A licensed firearms manufacturer, a specified active or retired law enforcement officer, a member or retired member of the U.S. Armed Forces, or the National Guard, and a person purchasing, renting, or receiving an antique, curio, or relic firearm (as defined under federal law) are exempt from the requirements of the licensing provisions.

The Secretary of State Police is also required to apply for a State and national criminal history records check on behalf of each handgun applicant. As part of the application for a criminal history records check, the Secretary must submit one complete set of fingerprints of the applicant. An individual whose fingerprints have been submitted for a license, but whose application has been denied, may request that the record of the fingerprints be expunged. The individual may not be charged a fee for the expungement. The bill requires written approval or denial by DSP within 30 days.

The application fee for a handgun qualification license is to cover administrative costs and may be up to $50. The term of the license is 10 years. License renewal fees are set at up to $20. Among other requirements, an applicant must show proof of completion of an approved firearms safety training course. An applicant, however, is exempt from this requirement if the applicant has previously completed a certified firearms training course, has completed a hunting safety course prescribed by the Department of Natural Resources, is a certified firearms instructor, is an honorably discharged member of the U.S. Armed Forces or the National Guard, is a certain employee of an armored car company, or lawfully owns a regulated firearm. Renewal applicants are not required to complete the firearms safety training course or submit to a State and national criminal history records check.

Restrictions on the Mentally Ill

A person may not possess a regulated firearm, rifle, or shotgun if the person:

- suffers from a mental disorder as defined in § 10-101(f)(2) of the Health–General Article and has a history of violent behavior against the person or another;
- has been found incompetent to stand trial or not criminally responsible in a criminal case;
- has been voluntarily admitted for more than 30 consecutive days to a facility (*i.e.*, a public or private clinic, hospital or other institution that treats individuals who have mental disorders);
- has been involuntarily committed to a facility; or
- is under the protection of a court-appointed guardian of the property or guardian of the person, except for cases in which the appointment of a guardian is solely a result of a physical disability.

If a hearing officer determines that an individual cannot safely possess a firearm, the hearing officer must order the individual to surrender any firearms in the individual's possession and refrain from possessing a firearm unless the individual is granted relief from firearms disqualification.

Relief from Firearms Disqualification

A person seeking relief from firearms disqualification may apply to the Department of Health and Mental Hygiene (DHMH). An application for relief must include a statement why the applicant is prohibited from possessing a regulated firearm, rifle, or shotgun; a statement why the applicant should be relieved from that prohibition; authorization for DHMH to access health and criminal records; three statements related to the applicant's reputation and character; and, if the applicant is prohibited for certain mental health reasons, a certificate issued within 30 days of the submission of the application on a form signed by an individual licensed in the State as a physician who is board certified in psychiatry or as a psychologist stating:

- the length of time that the applicant has not had symptoms that cause the applicant to be a danger to self or others;
- the length of time that the applicant has been compliant with the treatment plan for the applicant's mental illness; and
- an opinion as to whether the applicant, because of mental illness, would be a danger to the applicant or to another person if allowed to possess a firearm.

Within 60 days after the receipt of a completed application, DHMH must provide the applicant with a certificate affirming the applicant's mental competence or a written statement that the applicant is not mentally competent to possess a firearm. An aggrieved applicant may request a hearing in accordance with the Administrative Procedure Act, and judicial review may be sought.

A physician who acts in good faith and with reasonable grounds in providing the statements and opinions required by the restoration process may not be held civilly or criminally liable for those actions.

Persons Moving into the State

A person who moves into the State with the intent of residency must register all regulated firearms with DSP within 90 days after establishing residency.

Lost or Stolen Firearms – Reporting Requirements

A dealer or any other person who sells or transfers a firearm must notify the purchaser or recipient of the firearm at the time of purchase or transfer that the purchaser or recipient is required to report a lost or stolen firearm to the local law enforcement agency. If a firearm is lost or stolen, the owner of the firearm must report the loss or theft to the local law enforcement agency within 72 hours after the owner first discovers the loss or theft. On receipt of a report of a lost or stolen firearm, a local law enforcement agency must report to the Secretary and enter into the National Crime Information Center (NCIC) database, to the extent known, the caliber, make, model, manufacturer, and serial number of the firearm and any other distinguishing number or identification mark on the firearm. A knowing and willful first-time violation is a civil offense punishable by a fine not exceeding $500. A second or subsequent violation is a misdemeanor punishable by imprisonment not exceeding 90 days and/or a fine not exceeding $500.

Firearm Dealers

Senate Bill 281 requires the disapproval of an application for a State-regulated firearms dealer's license if it is determined that the applicant intends that a person not qualified for a license or whose license has been revoked or suspended will participate in the management or operation of the business or holds an interest in the business. The bill requires that a licensed dealer keep records of all receipts, sales, and other dispositions of firearms affected in connection with the dealer's business, as specified. DSP must adopt regulations governing the form in which the records are to be kept, the time period for keeping the records, and the contents of the records, which must include specified information. DSP must inspect the inventory and records of a licensed dealer at least once every two years, and may inspect the inventory and records at any time during the normal business hours of the licensed dealer's business. Unless a recordkeeping or reporting error is inconsequential, a violator is subject to certain civil penalties. A suspended license may be restored after a licensee provides evidence that the violation has been corrected.

Records Inspections

A custodian must deny inspection of all records of a person authorized to (1) sell, purchase, rent, or transfer a regulated firearm; or (2) carry, wear, or transport a handgun. However, a custodian may allow inspection of firearm or handgun records by the individual named in the record or the individual's attorney. These provisions may not be construed to prohibit DSP or the Department of Public Safety and Correctional Services (DPSCS) from accessing firearm or handgun records in the performance of that department's official duty.

Carrying a Firearm on School Property

The bill exempts from the prohibition against carrying a firearm, knife, or other deadly weapon on public school property an off-duty law enforcement officer who is a parent, guardian, or visitor of a student attending the school, provided that the officer is displaying the officer's badge or credential, and the weapon is concealed.

Hunting Near Schools

A person, while hunting for any wild bird or mammal, may not shoot or discharge any firearm within 300 yards of any school during school hours or at a time when a school-approved activity is taking place.

Estimated Costs and Revenues

General fund revenues increase by $3.9 million in fiscal 2014 from handgun qualification licensing fees and voluntary registrations of other firearms. General fund expenditures increase by $3.4 million in fiscal 2014 for licensing and registration, programming, and other activities within several agencies. The fiscal 2014 operating budget contains $4.2 million in general funds, contingent upon enactment of the bill, for DSP to implement the bill. The fiscal 2014 operating budget also provides $450,000 in general funds to support the Gun Center, also contingent upon the enactment of the bill.

School Safety

House Bill 453 ***(passed)*** establishes the Maryland Center for School Safety as an independent unit of State government to be based at Bowie State University (BSU). The

Governor must provide $500,000 in the annual State budget for the center. The center may establish three satellite offices at institutions of higher education as specified.

The bill identifies 20 functions and duties of the center that provide a comprehensive, coordinated approach to school safety, including developing a website containing a searchable database of school safety resources, assisting local school systems in conducting a thorough assessment of their school safety data, assisting local school systems with school building layouts and use of human resources for monitoring school safety measures, and assisting local school systems to improve and monitor traffic control measures around schools to reduce the potential for accidents.

In addition, ***Senate Bill 143***/***House Bill 983*** ***(both passed)*** require local boards of education to evaluate emergency management plans in each public school by February 1, 2014. For a more detailed discussion of these bills, see the subpart "Statewide Education Policy" within Part L – Education of this *90 Day Report*.

Other Firearms Initiatives

It is also noted that a total of 81 bills were introduced during the 2013 session addressing firearms and related issues. Among these other bills were additional initiatives of a "gun control" nature, and others easing restrictions on acquiring handgun permits, permitting school personnel to carry firearms or other weapons, or stiffening sentencing for firearm offenses. While some of these other bills were blended into ***Senate Bill 281***, most failed.

Building and Safety Standards and Practices

Building Performance Standards

Senate Bill 750/***House Bill 769*** ***(both passed)*** prohibit a local government from adopting amendments to the Maryland Building Performance Standards (MBPS) that weaken the wind design and wind-borne debris provisions contained in the standards.

Elevator Safety

The definition of "third-party qualified elevator inspector" is altered by ***Senate Bill 82*** ***(passed)*** to mean a person who, in addition to meeting specified qualifications established by the Commissioner of Labor and Industry, is certified by a nationally recognized safety organization accredited by the National Commission for Certifying Agencies (NCCA) or the American National Standards Institute. The organization must ensure that (1) the certification requires testing and grading consistent with industry-recognized criteria and (2) any certification renewal requires continuing education.

Emergency Procedures

Essential Goods and Services

In an effort to thwart price gouging during a state of emergency, ***House Bill 332*** ***(failed)*** would have prohibited a person from selling or offering to sell essential goods and services for a price greater than 20% above the highest sales or rental price charged by the person between 4 and 60 days before the state of emergency.

Emergency 9-1-1 Systems

Senate Bill 745 ***(passed)*** establishes that the surcharge on wireless telecommunication services applies to prepaid service and establishes the amount of the prepaid wireless E 9-1-1 fee at 60 cents per each retail transaction. Prepaid wireless E 9-1-1 fees are paid into the 9-1-1 Trust Fund and used for specified purposes.

The bill defines "prepaid wireless telecommunications service" as a commercial mobile radio service that allows a consumer to dial 9-1-1 to access the 9-1-1 system, must be paid for in advance, and is sold in predetermined units which decline with use in a known amount.

The bill establishes a prepaid wireless E 9-1-1 fee of 60 cents per retail transaction, which must be collected by the "seller" from the "consumer" for each retail transaction in the State. The amount of the fee must be disclosed to the consumer at the time of the retail transaction. The 60-cent surcharge is not subject to the State's sales and use tax.

Under ***Senate Bill 745***, a retail transaction occurs in the State if (1) the sale or recharge takes place at the seller's place of business located in the State; (2) the consumer's shipping address is in the State; or (3) no item is shipped, but the consumer's billing address or the location associated with the consumer's mobile telephone number is in the State. The prepaid fee is the liability of the consumer and not of the seller or of any "provider."

Revenues and expenditures for the trust fund resulting from the bill are expected to be $2 million in fiscal 2014, reflecting a retention of 50% of fees by sellers until December 28, 2013. Only about $500,000 of that amount will be actually retained by the trust fund, with the remainder going to local governments as grants. Beginning in fiscal 2015, without the 50% retention of fees by sellers, trust fund revenues are expected to be about $4 million, with $3 million going to local governments. The annual growth rate in fee revenue is estimated at 2%.

Response to a State Disaster or Emergency – Licensing and Taxes

If an out-of-state business is performing disaster- or emergency-related work, the business and its out-of-state employees will not be subject to specified tax obligations or licensing or registration requirements, under ***House Bill 1513*** ***(passed)***.

The bill exempts the aforementioned out-of-state businesses from (1) State or local licensing or registration requirements; (2) State or county income taxes; (3) unemployment insurance contributions; (4) personal property tax; or (5) any requirement to collect and remit the sales and use tax.

An out-of-state employee may not be required to pay State or county income taxes or be subject to income tax withholding requirements. Additionally, an out-of-state business that employs an out-of-state employee may not be required to pay State or county income taxes or be subject to income tax withholding requirements with respect to any out-of-state employees.

Public Safety Personnel

Law Enforcement Officers Bill of Rights

Allegany County: ***House Bill 255*** ***(Ch. 93)*** establishes rights of a correctional officer relating to the employment, investigation, and discipline of correctional officers in Allegany County. The Act's provisions are the same as the provisions of the Correctional Officers' Bill of Rights applicable in Cecil, Garrett, and St. Mary's counties.

Harford County: ***Senate Bill 216*****/*****House Bill 346*** ***(Chs. 30 and 31)*** codify specified rights relating to employment, investigation, and discipline to correctional officers in Harford County under the jurisdiction of the Office of the Sheriff of Harford County as the "managing official" of the county correctional facility. The provisions of the Acts are similar to the provisions of the Correctional Officers' Bill of Rights applicable in Cecil, Garrett, and St. Mary's counties. However, specified provisions relating to hearing board formation and procedures and the finality of hearing board decisions applicable in those other counties are not applicable in Harford County.

Military Department

The Adjutant General of the Military Department, under ***House Bill 401*** ***(Ch. 112),*** may adopt rules and regulations for the governance, discipline, and performance of duties of the State militia. The rules and regulations must be consistent with the Uniform Code of Military Justice (UCMJ) and with the federal rules, regulations, and statutes applicable to the Department of Defense, the Army, the Air Force, and the National Guard Bureau of the United States. The provisions of the Act replace provisions for summary courts-martial and add a mechanism for nonjudicial discipline. The Act also updates related sentencing provisions and specifies that a conviction from a summary court-martial is not a conviction for the purpose of disqualification or disability imposed by law because of conviction of a crime.

Department of Public Safety and Correctional Services

Correctional Training Commission

Senate Bill 441 (Ch. 55) adds two members to the Correctional Training Commission: one representative of the Department of Juvenile Services designated by the Secretary of

Juvenile Services and one correctional officer of the State recommended by the exclusive representative for the officers and appointed by the Governor.

Enhanced Powers of Secretary of Public Safety and Correctional Services

The Commissioner of Correction may subpoena, administer an oath to, and examine under oath any person if the commissioner considers it necessary for the effective administration of the commissioner's duties. The commissioner is subordinate to the Secretary of Public Safety and Correctional Services. ***House Bill 244*** ***(Ch. 89)*** takes the subpoena and other powers away from the commissioner and gives them to the Secretary, who is accountable for all components of the department.

Inmate Earnings

Senate Bill 258/***House Bill 921*** ***(both passed)*** require DPSCS to make a 20% withholding from an inmate's earnings in the Private Sector/Prison Industry Enhancement (PIE) Certification Program for compensation for victims of crime.

DPSCS is required to report to the Senate Judicial Proceedings Committee and House Judiciary Committee by December 1, 2013, on the payment of restitution by inmates under its jurisdiction, addressing how DPSCS could increase the collection of restitution, including by having additional inmates pay toward restitution obligations through an annual transfer or other periodic transfer of earnings.

Correctional Services Funding

Except as provided in the State budget, State funds may not be used to implement standards for State correctional facilities that are adopted or proposed by the American Correctional Association (ACA). ***House Bill 1494*** ***(passed)*** repeals that prohibition so as to allow funds to implement ACA standards.

Fire Fighting Personnel and Equipment

House Bill 1394 ***(passed)*** increases the number of fire company members in Harford County that a commanding officer can appoint as deputy sheriffs. Under the bill, the commanding officer may designate 20 members of the fire company as deputy sheriffs to perform certain duties at specified events, instead of only 12 members.

Offenders and Ex-offenders

Washington County – Payment of Child Support

Under ***Senate Bill 507***/***House Bill 792*** ***(Chs. 58 and 59)*** an inmate participating in a home detention, work release, or pretrial release program administered by the Washington County Sherriff's Office is to be responsible for costs of child support.

Ex-offender Business Development Program

Senate Bill 356/House Bill 698 ***(both passed)*** require the Department of Business and Economic Development; the Department of Labor, Licensing, and Regulation; and DPSCS to jointly study and evaluate the feasibility of establishing a business development program for ex-offenders. The program is intended to provide business training to ex-offenders. In addition, the study must identify nongovernmental funding sources to fund training programs. The departments must report the findings to the Senate Finance Committee and the House Economic Matters Committee by October 1, 2014.

DPSCS facilities housed approximately 24,500 inmates as of December 2012. In fiscal 2012, 13,100 were released back into the community. Statistics show that, for those released in fiscal 2001, almost 50% of the offenders returned with a new conviction (prison sentence or parole/probation) within three years of their release from prison. Some local jurisdictions, including Baltimore City and Montgomery County, operate programs designed to assist with ex-offender reentry.

Miscellaneous

DNA Data Base

House Bill 292 ***(passed)*** repeals the December 31, 2013 termination date for specified provisions of the statewide DNA data base law applicable to the collection, analysis, and reporting of specified information relating to DNA. In addition, by altering a reporting provision, the bill requires law enforcement agencies and DSP to report specified information regarding DNA collection and analysis to the Governor's Office of Crime Control and Prevention instead of the Office of Legislative Audits.

Local Fire, Rescue, and Ambulance Funds

Senate Bill 899 ***(passed)*** requires that each county distribute a specified minimum percentage of funds that the county receives from the Senator William H. Amoss Fire, Rescue, and Ambulance Fund to volunteer fire, rescue, and ambulance companies. The bill requires the Director of the Maryland Emergency Management Agency to submit an annual report to the General Assembly on the money distributed by each county to volunteer companies. The bill also requires each county to provide a specified report and establishes a workgroup to study specified related laws and policies.

Smoke Alarms

Senate Bill 969/House Bill 1413 ***(both passed)*** generally clarify laws related to smoke alarms, specifies technological and installation requirements for residential and nonresidential structures. The bills also require that smoke alarm requirements be enforced by specified officials. The bills require that additional smoke alarm information be included in a specified disclosure form in a contract of sale for single-family residential real property.

Part F
Courts and Civil Proceedings

Judges and Court Administration

New Judgeships – Court of Special Appeals, Circuit Court, and District Court

At the suggestion of the Legislative Policy Committee, in January 1979 the Chief Judge of the Court of Appeals began an annual procedure of formally certifying to the General Assembly the need for additional judges. The annual certification is prepared based upon a statistical analysis of the workload of the courts and the comments of the circuit administrative judges and the Chief Judge of the District Court. Although the statistical analysis has consistently supported the need for new judges, no new judgeships have been added since 2009 due to the economic climate.

The 2012 *Joint Chairmen's Report* directed the Judiciary to develop a multiyear plan to request new judgeships so that workloads can be addressed gradually without a significant impact on State expenditures. In the fall of 2012, the Judiciary submitted this plan along with the fiscal 2014 certification of judgeships. The Judiciary considered whether each jurisdiction had the required space available as well as the necessary funding to support the judges. Based on this criterion, the Judiciary developed a multiyear judgeship deployment plan that calls for the addition of 26 circuit court and District Court judges over the course of six legislative sessions.

Senate Bill 239 ***(Ch. 34)*** alters the number of resident judges of the circuit courts by adding one additional judgeship each in Calvert, Carroll, Cecil, Frederick, and Wicomico counties. The bill also creates one additional District Court judgeship in the following four districts: District 1 (Baltimore City), District 4 (Charles, St. Mary's, and Calvert counties), District 5 (Prince George's County), and District 6 (Montgomery County). The Act further specifies that the additional judge from District 4 must be from Charles County. The Act also adds two judgeships in the Court of Special Appeals.

Compensation of Court Personnel

Circuit court clerks and registers of wills are elected officials whose salaries are set by the Board of Public Works. The board determines the salary of each clerk based on the relative volume of business and receipts in that clerk's office. ***Senate Bill 421/House Bill 950 (Chs. 53 and 54)*** increase the maximum salary that the board may set for a circuit court clerk from $98,500 to $114,500. Similarly, the board determines the annual salary of each register of wills based on the population of the county and the dollar volume of total fees and taxes collected and excess fees turned over to the State by that register of wills. ***Senate Bill 196 (Ch. 29)*** increases the maximum salary for a register of wills from $98,500 to $114,500. These increases will take effect at the beginning of the next term of office.

Access to Legal Services

Maryland Legal Services Corporation Funding

The Maryland Legal Services Corporation (MLSC) was established by the General Assembly in 1982 to receive and distribute funds to nonprofit grantees that provide civil legal services to low-income clients. MLSC's primary sources of revenue are from the Interest on Lawyer Trust Accounts (IOLTA) program and surcharges on filing fees in civil cases. In addition to these funds, MLSC receives $500,000 annually from the State Unclaimed Property Fund.

As a result of the economic recession and the subsequent decline in interest rates, revenues from IOLTA earnings began to decline in fiscal 2009. Due to declining IOLTA revenue, as well as an increasing demand for legal services, the General Assembly passed Chapter 486 of 2010, which increased the maximum surcharge on civil cases filed in circuit courts from $25 to $55. In the District Court, the maximum authorized surcharge also increased from $5 to $8 for summary ejectment cases and from $10 to $18 for all other civil cases. ***Senate Bill 640/House Bill 838 (Chs. 71 and 72)*** extend the surcharge increases in the 2010 legislation from June 30, 2013, to June 30, 2018. The legislation also continues the requirement for MLSC to submit, for informational purposes only, its budget to the General Assembly.

Due to fiscal projections that IOLTA revenues will decline even further in fiscal 2014, coupled with a declining trend in the number of civil case filings eligible under the surcharge, the General Assembly passed ***Senate Bill 809/House Bill 1303 (both passed)*** which increase, from $500,000 to $1.5 million, the amount the Comptroller is required to distribute from abandoned property funds to the MLSC Fund. The bills also repeal provisions requiring the Governor to appropriate funding to the fund.

Civil Right to Counsel in Maryland

The Maryland Access to Justice Commission (MAJC) was created by the Chief Judge of the Court of Appeals in 2008 to develop, consolidate, coordinate, and implement policy initiatives to expand access to and enhance the quality of justice in civil legal matters for persons who encounter barriers in gaining access to the State's civil justice system. In 2011, MAJC published a report entitled *Implementing a Civil Right to Counsel in Maryland*. The report made recommendations on implementation strategies and approximated the costs associated with implementation.

Senate Bill 262 ***(Ch. 35)*** establishes the Task Force to Study Implementing a Civil Right to Counsel in Maryland. The task force is charged with various responsibilities, including:

- studying the current resources available to assist in providing counsel to low-income individuals in the State compared to the depth of the unmet need, including the resulting burden on the court system and other public resources;
- studying whether low-income individuals should have the right to counsel at public expense in basic human needs cases, such as those involving shelter, sustenance, safety, health, or child custody, including review and analysis of MAJC's 2011 report and any other related reports;
- studying how the right to counsel might be implemented in the State, including the costs and possible revenue sources required to provide meaningful access to counsel and the savings to the court system and other public resources; and
- making recommendations regarding the aforementioned matters.

The task force must report its findings and recommendations to the Governor, the Chief Judge of the Court of Appeals, and the Presiding Officers and specified committees of the General Assembly by October 1, 2014.

Civil Actions and Procedures

Personal Injury or Death Caused by Dog

Prior to April 26, 2012, in order for a person to hold a dog owner strictly liable for damages as a result of being attacked by the owner's dog (regardless of breed), the person had to show that the dog had a vicious propensity that was known or should have been known to the owner. On April 26, 2012, the Court of Appeals modified this common law rule with respect to attacks by pit bulls and mixed-breed pit bulls. (*Tracey v. Solesky,* 427 Md. 627 (2012)). In *Tracey v. Solesky*, the Court of Appeals held that, on proof that a dog involved in an attack is a pit bull or a mixed-breed pit bull and that the owner, or other person having the right to control the dog's presence on the premises, knows, or has reason to know, that the dog is a pit bull or a mixed-breed pit bull, that person is strictly liable for the resulting damages.

Attorneys for the defendant landlord in the case filed a motion for reconsideration with the Court of Appeals on May 25, 2012. The motion asked the court to immediately rule on the motion to reconsider its original decision in the *Solesky* case or, alternatively, consider holding its decision on the motion pending the conclusion of the General Assembly's Second Special Session of 2012.

The *Solesky* ruling drew criticism from dog owners, animal advocacy groups, landlords, and insurers. Common complaints about the decision included (1) the court's departure from *stare decisis*; (2) the application of a different standard of liability to pit bulls and mixed-breed pit bulls based on questionable statistics and scientific studies; (3) the lack of guidance in the opinion as to what constitutes a pit bull or a mixed-breed pit bull; and (4) the consequences of immediately holding a landlord to a higher level of liability without consideration of the lengthy legal process needed to remove a tenant from a rental property.

Concerns also were raised that the court decision would lead to pit bull owners being threatened with eviction from rental housing and having to choose between their homes and their pit bulls, animal shelters being overrun with abandoned pit bulls, and pit bulls being euthanized.

In response, the General Assembly formed the Task Force to Study the Court Decision Regarding Pit Bulls. The task force met on two occasions in June 2012. Though the task force did not propose a bill, several legislators introduced bills to address the *Solesky* decision during the Second Special Session of 2012. The bills varied in their approaches; some would have restored the common law rule prior to the *Solesky* decision, while others would have imposed strict liability on all dog owners under specified circumstances. However, the General Assembly failed to reach a consensus during the brief special session.

On August 21, 2012, the Court of Appeals reconsidered its original decision and limited the application of its original ruling in the *Solesky* case to purebred pit bulls. Animal advocates and landlords commented that because the original and revised decisions do not define what constitutes a "pit bull," the court gave little direction to dog owners, landlords, and others affected by the ruling, and enforcement of the ruling will be difficult and arbitrary. Some animal experts noted that there is no such thing as a purebred pit bull, since that term refers to a category of dogs, some of which are mixed breeds, rather than a specific pure breed recognized by the American Kennel Club. Other experts and advocates explained the difficulty in identifying a dog's breed by sight and feared that the ruling's lack of direction will lead to erroneous enforcement.

Senate Bill 160*/*House Bill 78* (both failed)**, as introduced, would have established a rebuttable presumption that a dog owner knew or should have known that his/her dog had vicious or dangerous propensities. ***Senate Bill 160 as reported by a conference committee as an emergency bill would have held the owner (including a keeper or harborer) of a dog strictly liable for damages for a personal injury to or death of a minor younger than 13 years old caused by the dog. The bill would have excluded veterinary hospitals, animal shelters, animal control units, and other entities from being considered dog owners. The bill would not have applied to dogs engaged in military or police work. The strict liability standard applicable to a minors younger than age 13 would not have applied to a minor trespassing on the dog owner's real property, a minor committing a delinquent act on the dog owner's real property or against the dog's owner, or a dog in the temporary custody or control of a veterinary hospital or commercial kennel.

With respect to individuals age 13 or older and individuals younger than 13 years old who were otherwise exempted from the strict liability standard discussed above, the bill would have established that evidence that the dog caused the personal injury or death created a rebuttable presumption that the owner knew or should have known that the dog had vicious or dangerous properties. The presumption would not have been rebuttable as a matter of law.

The bill would have also established that the common law of liability as it existed on April 1, 2012, applied to an action for personal injury or death caused by a dog against an owner of real property or another person who has the right to control the presence of a dog on the property (other than the dog's owner) regardless of the dog's breed or heritage. The bill would have specifically included landlords, condominium councils of unit owners, cooperative housing corporations, and homeowners associations as individuals/entities to whom the April 1, 2012 common law liability standard would have applied.

The bill's provisions would have applied to causes of actions arising on or after the bill's effective date.

Mediations

The Maryland Mediation Confidentiality Act (MMCA), which was established by Chapter 309 of 2012, extends to mediations that occur outside the court system the same protections that apply to court-ordered mediations. Under the MMCA, the parties to a mediation must enter into a written agreement that mediation communications will remain confidential in order for the Act to apply. ***House Bill 697*** ***(passed)*** amends the MMCA to make it self-executing. Under the legislation, the Act applies to all mediation communications, unless the parties and the mediator opt out by a written agreement.

Enforcement of Money Judgments

A judgment creditor, in aid of enforcement of a money judgment, may file a request for answers to interrogatories or an examination 30 days after the entry of a money judgment. If the order has been properly served on the defendant and the defendant does not cooperate with attempts to discover his/her assets, the judgment creditor can file a request for a show cause order. If the defendant fails to appear in court for the show cause hearing, the judgment creditor is authorized to file an attachment for contempt. If the judge chooses to issue the attachment, the defendant is taken into custody by the sheriff's office and is brought before the court to explain the failure to appear. The defendant may be required to post a bond as a condition of release, which is forfeited should the defendant fail to appear at the next hearing.

House Bill 596 ***(passed)*** requires that an individual, arrested for failure to appear in court to show cause why the individual should not be found in contempt for failure to (1) answer interrogatories or (2) appear for an examination in aid of enforcement of a money judgment, must be taken immediately before the court that issued the order that resulted in the arrest. If that court is not in session, then the individual must be taken immediately before a judicial officer of the District Court for a determination of appropriate conditions of release to ensure the individual's appearance at the next session of the court that issued the order that resulted in the arrest.

If a judicial officer determines that the individual should be released on other than personal recognizance without any additional conditions, the judicial officer must impose on the individual the least onerous condition or combination of conditions that will reasonably ensure the appearance of the individual as required.

Fees

Maryland Legal Services Corporation Fund

Chapter 486 of 2010 increased the maximum surcharge on filing fees in specified civil cases. ***Senate Bill 640/House Bill 838*** ***(Chs. 71 and 72)*** extend the termination date of these fee increases for five years (from June 30, 2013, to June 30, 2018). For a more detailed discussion of this issue, see the subpart "Judges and Court Administration" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Baltimore City Sheriff

The Sheriff for Baltimore City must appoint specified personnel, including two deputy sheriff majors, two deputy sheriff captains, and four deputy sheriff lieutenants. The sheriff may also appoint up to a maximum of 7 deputy sheriff sergeants and 90 deputy sheriffs. ***Senate Bill 846*** ***(passed)*** requires the appointment of three deputy sheriff majors, three deputy sheriff captains, and six deputy sheriff lieutenants. The bill also allows the sheriff to appoint up to 9 deputy sheriff sergeants, 103 deputy sheriffs, 2 domestic violence clerks, and 2 domestic violence advocates. The legislation also increases the annual expense allowance for a deputy sheriff from $200 to $400.

Currently, filing fees for summary ejectment cases in Baltimore City are $16, which includes an $8 surcharge. Filing fees for most other civil cases are $38, which includes an $18 surcharge for the Maryland Legal Services Corporation. ***Senate Bill 846*** requires an additional surcharge of up to $10 per case for the following cases filed in Baltimore City: (1) summary ejectment; (2) tenant holding over; (3) breach of lease; and (4) warrant of restitution. The revenue generated from the surcharge must be remitted quarterly to the Baltimore City Director of Finance and used to fund the enhancement of sheriff benefits and the increase in sheriff personnel to enhance the service of domestic violence orders.

Sheriffs collect fees for service in various cases, as specified in statute. A sheriff collects a fee of $40 for a writ of execution and a $60 fee for service of paper originating from a foreign court. The bill requires an additional maximum surcharge of $60 for service of a writ of execution and $40 for service of a paper originating from a foreign court. Revenue from these surcharges must also be used to fund the enhancement of sheriff benefits and the increase in personnel to enhance the service of domestic violence orders.

Family Law

Child Custody and Adoption

Adoption Expenses

Unless otherwise provided by law, a person may not charge or receive from or for a parent or prospective adoptive parent, any compensation in connection with placement of an individual to live with a pre-adoptive family or an agreement for custody in contemplation of adoption. For adoptions arranged other than by a child placement agency, an interested person may pay a customary and reasonable charge or fee for adoption counseling, hospital, legal, or medical services. For adoptions arranged through a child placement agency, an interested person may pay a customary and reasonable charge or fee for hospital, legal, or medical services.

House Bill 563 ***(passed)*** establishes that, in private adoptions not arranged by a child placement agency, an interested person may pay (1) reasonable expenses for transportation for medical care associated with the pregnancy or birth of the child; (2) reasonable expenses for food, clothing, and shelter for a birth mother if, on written advice of a physician, the birth mother is unable to work or otherwise support herself because of medical reasons associated with the pregnancy or birth of the child; and (3) reasonable expenses associated with any required court appearance relating to the adoption, including transportation, food, and lodging expenses. An interested person in a private adoption arranged by a child placement agency is authorized to pay the expenses specified above, as well as a customary and reasonable charge or fee for adoption counseling.

Commission on Child Custody Decision Making

Maryland courts resolve child custody disputes based on a determination of "what is in the child's best interests." In a custody dispute between the child's parents, the courts examine numerous factors as set forth in case law, and weigh the advantages and disadvantages of the alternative environments. ***House Bill 687*** ***(passed)*** establishes the Commission on Child Custody Decision Making, to be staffed by the Department of Family Administration within the Judiciary. Among other specified duties, the commission must (1) study the practice, principles, and process for child custody decision making in the State; (2) hold hearings in specified jurisdictions to allow for public input and participation by interested persons; (3) study the advantages and disadvantages of joint physical custody; and (4) study whether a statute regarding child custody decision making that would include definitions and factors for consideration in such decisions should be enacted. The commission is required to submit an interim report by December 31, 2013, and a final report to the Governor and the General Assembly by December 1, 2014.

Child Abuse and Neglect

Child in Need of Assistance

Review Hearings: Federal law requires a review hearing in Child in Need of Assistance (CINA) cases at least every six months after a child has entered foster care. A child is considered to have entered foster care on the earlier of the date of the first judicial finding that the child has been subjected to child abuse or neglect or the date that is 60 days after the date on which the child is removed from the home. ***Senate Bill 264 (Ch. 36)*** conforms State law to these federal requirements, by requiring the juvenile court to conduct a hearing to review the status of each child under its jurisdiction within six months after the filing of the first CINA petition and at least every six months thereafter.

At the review hearing, the court must (1) evaluate the safety of the child; (2) determine the continuing necessity for and appropriateness of any out-of-home placement; (3) determine the appropriateness of and extent of compliance with the case plan for the child; (4) determine the extent of progress that has been made toward alleviating or mitigating the causes necessitating the court's jurisdiction; and (5) project a reasonable date by which the child may be returned to and safely maintained in the home or placed for adoption or under a legal guardianship. If a permanency plan for the child has been determined, a permanency plan review hearing conducted by the court satisfies the above requirements.

Rights of Foster Parents, Pre-adoptive Parents, and Caregivers: If practicable, before any permanency planning hearing or permanency plan review hearing, the local department of social services must give at least 10 days' notice to the child's foster parent, pre-adoptive parent, or relative providing care for the child of the date, time, and place of the hearing and the right to be heard. Unless waived for good cause, the notice must be in writing. The foster parent, pre-adoptive parent, relative, or an attorney for any of these individuals must be given the right to be heard at the hearing, but may not be considered to be a party solely on the basis of the right to notice and the right to be heard. A child's caregiver is entitled to be heard at a guardianship review hearing and a local department must give the caregiver at least seven days' notice before the hearing. A "pre-adoptive parent" is an individual whom a child placement agency, approves to adopt a child who has been placed in the individual's home for adoption before the order of adoption.

Senate Bill 265 (Ch. 37) expands to *any* juvenile court proceeding involving a CINA, unless waived for good cause, the requirement that the local department of social services provide at least 10 days' written notice to pre-adoptive parents, foster parents, or their attorneys, of the proceeding and the right to be heard at the proceeding. The Act repeals requirements relating to the rights of a relative to be given notice of and an opportunity to be heard at a proceeding and substitutes requirements for notice to be provided to caregivers of a child, and for the caregivers to have a right to be heard at the proceeding. The foster parent, pre-adoptive parent, caregiver, or an attorney for these individuals may not be considered to be a party solely on the basis of the right to notice and the right to be heard. The Act is intended to conform to federal law, which requires that foster parents, and any pre-adoptive parent, or relative providing care for the child be provided with notice of, and a right to be heard at, any proceeding to be held with respect to the child.

Voluntary Placement for Former CINAs: A juvenile court has jurisdiction over a CINA until the child reaches the age of 21, unless the court terminates the case. The Department of Human Resources (DHR) permits CINAs who leave foster care after age 18, but before age 21, to re-enter the child welfare system through its "Enhanced After Care" program. This program provides former CINAs with services, including assistance with living arrangements.

Senate Bill 86 ***(Ch. 22)*** enables the State to become eligible for federal Title IV-E funds to further support the program and provide a broader array of services to this vulnerable population, by expanding the jurisdiction of the juvenile court to include jurisdiction over a former CINA whose commitment to the local department was rescinded after the individual reached the age of 18, but before the individual reached the age of 20 years and 6 months. The former CINA must not have exited foster care due to reunification, adoption, guardianship, marriage, or military duty. The Act authorizes juvenile court jurisdiction over a former CINA through a voluntary placement agreement between the former CINA and the local department of social services.

Child Abuse Reporting

Disclosure to Institutions of Higher Education: All records and reports about child abuse and neglect are confidential; however, records of child abuse or neglect must be disclosed pursuant to an order of the court or an administrative law judge. Child abuse and neglect records may be disclosed on request to employees or persons of interest as specified in statute, including specified personnel of the DHR and local departments of social services, law enforcement personnel, and individuals who are providing treatment or care to a child who is the subject of a report of child abuse or neglect.

A report also may be disclosed to the appropriate public school superintendent or the principal or equivalent employee of a nonpublic school, as specified, to carry out appropriate personnel or administrative actions following a report of suspected child abuse involving a student committed by (1) a public school employee in that school system; (2) an employee of that nonpublic school; (3) an independent contractor who supervises or works directly with students in that school system or nonpublic school; or (4) an employee of an independent contractor, including a bus driver or bus assistant, who supervises or works directly with students in that school system or that nonpublic school. Unauthorized disclosure of child abuse or neglect records is a misdemeanor, and a violator is subject to up to 90 days imprisonment and/or a fine of up to $500.

House Bill 428 ***(Ch. 114)*** authorizes the disclosure of reports or records concerning child abuse or neglect to the president of a State public institution of higher education or the Chancellor of the University System of Maryland for the purpose of carrying out appropriate personnel or administrative actions following a report of child abuse committed by (1) an employee of the institution who has on-campus contact with children or (2) a contractor, an employee of a contractor, or a volunteer of the institution who has on-campus contact with children.

Mandatory Reporting: Health care practitioners, police officers, educators, and human service workers who are acting in a professional capacity, and who have reason to believe that a child has been subjected to abuse or neglect, must notify the local department of social services or the appropriate law enforcement agency. An "educator or human service worker" includes any teacher, counselor, social worker, caseworker, and parole or probation officer. If the worker is acting as a staff member of a hospital, public health agency, child care institution, juvenile detention center, school, or similar institution, then the individual must also notify the head of the institution or the designee of the head.

House Bill 631 ***(passed)*** prohibits an individual from intentionally preventing or interfering with the making of a mandatory report of suspected child abuse or neglect by a professional specified above. An individual is also prohibited from intentionally preventing or interfering with the making of a mandatory report of suspected abuse or neglect of a child who lives outside of this State that is alleged to have occurred outside the State. A person who violates these provisions is guilty of a misdemeanor and subject to maximum penalties of five years imprisonment and/or a $10,000 fine.

House Bill 311 ***(passed)*** creates several reporting requirements relating to the disappearance or death of a minor and establishes criminal penalties for failure to report the disappearance or death of a minor. For a further discussion of ***House Bill 311***, see the subpart "Criminal Law" within Part E – Crimes, Corrections and Public Safety of this *90 Day Report*.

Substance-exposed Newborns

The Child Abuse Prevention and Treatment (CAPTA) Reauthorization Act of 2010, was intended in part to promote a more consistent approach to states' responses to infants exposed to alcohol and drugs. Under CAPTA, a governor must certify that the state has in effect and is enforcing a state law or has in effect and is operating a statewide program relating to referrals made to child protective services systems to address the needs of alcohol and substance-exposed newborns.

House Bill 245 ***(Ch. 90)*** brings Maryland into compliance with federal law by requiring each health care practitioner involved in the delivery or care of a substance-exposed newborn to make a report to the local department of social services. A newborn is "substance-exposed" if the newborn displays (1) a positive toxicology screen for a controlled drug as evidenced by any appropriate test after birth; (2) the effects of controlled drug use or symptoms of withdrawal resulting from prenatal controlled drug exposure as determined by medical personnel; or (3) the effects of a fetal alcohol spectrum disorder. A newborn is also "substance-exposed" if the newborn's mother had a positive toxicology screen for a controlled drug at the time of delivery. A "newborn" is a child younger than the age of 30 days who is born or receives care in the State. A "controlled drug" means a controlled dangerous substance included in Schedule I through Schedule V as established under Title 5, Subtitle 4 of the Criminal Law Article.

A health care practitioner involved in the delivery or care of a substance-exposed newborn must make an oral report to the local department as soon as possible and make a written report to the local department not later than 48 hours after the contact, examination, attention, treatment, or testing that prompted the report. If the substance-exposed newborn is in a hospital or birthing center, a health care practitioner must instead notify and provide the information to the head of the institution or that person's designee. To the extent known, an individual must include specified information in the report, including the nature and extent of the impact of the prenatal alcohol or drug exposure on the mother's ability to provide proper care and attention to the newborn and the nature and extent of the risk of harm to the newborn.

A health care practitioner is not required to make a report if the health care practitioner (1) has knowledge that the head of an institution or the designee of the head or another individual at that institution has made a report regarding the newborn; (2) has verified that, at the time of delivery, the mother was using a controlled substance as currently prescribed for the mother by a licensed health care practitioner; or (3) has verified that, at the time of delivery, the presence of the controlled substance was consistent with a prescribed medical or drug treatment administered to the mother or the newborn.

Within 48 hours after receiving the notification, the local department must (1) see the newborn in person; (2) consult with a health care practitioner with knowledge of the newborn's condition and the effects of any prenatal alcohol or drug exposure; and (3) attempt to interview the newborn's mother and any other individual responsible for care of the newborn.

Promptly after receiving a report, a local department must assess the risk of harm to and the safety of the newborn to determine whether any further intervention is necessary. If the local department determines that further intervention is necessary, the local department must (1) develop a plan of safe care; (2) assess and refer the family for appropriate services, including alcohol or drug treatment; and (3) as necessary, develop a plan to monitor the safety of the newborn and the family's participation in appropriate services. A report made under these provisions does not create a presumption that a child has been or will be abused or neglected.

Child Care

Criminal History Records Checks

Child Care Providers: The child care subsidy program provides child care subsidies for recipients of Temporary Cash Assistance and low-income families who meet eligibility requirements. In addition to providing vouchers for child care that may be used at registered family child care homes or licensed child care centers, an informal child care voucher may be provided and used when care is provided by (1) a relative in the relative's home or in the child's home; (2) a nonrelative in the child's home; or (3) a nonrelative in the nonrelative's home for less than 20 hours per month. Informal child care is defined in regulations relating to the child care subsidy program as child care that (1) is self arranged and nonregulated and (2) requires child care providers to submit a signed affirmation of compliance with child care health and safety standards and to agree to a Child Protective Services record check. Informal child care providers are not required to be licensed or regulated under State law. A local department of social services is required to deny payment to an informal provider if it has documented information indicating a risk to the health and safety of the child.

Senate Bill 413/House Bill 443 ***(Chs. 49 and 50)*** require individuals to obtain a criminal history records check before being approved to provide or to continue to provide informal child care. Any adult residing in a home where informal child care is being provided or will be provided must also obtain a criminal history records check. The Department of Public Safety and Correctional Services (DPSCS) is required to provide an initial and revised statement of the applicant's State criminal record to the Maryland State Department of Education (MSDE). The Acts also require DPSCS to provide an initial and a revised statement of the applicant's State criminal record to MSDE if the applicant is an adult resident in a child care center, family child care home, or large child care home that is required to be licensed, registered, or hold a letter of compliance, as specified.

Senate Bill 415/House Bill 442 ***(Chs. 51 and 52)*** require DPSCS to transmit weekly the sex offender registry to MSDE in a format that can be used by the State Superintendent of schools to cross-reference with the database of licensed child care centers, registered family child care or large family child care homes, and approved child care subsidy program informal providers. MSDE must use the information to conduct a cross-reference check of (1) employees and employers of licensed child care centers and registered family child care or large family child care homes; (2) individuals known to be residing in a registered family child care home; and (3) individuals who provide or agree to provide informal child care. The Acts also prohibit a registered sex offender from entering a home where informal child care is being provided or will be provided to a child who does not reside there. Existing penalties apply to a violation of that prohibition.

Student Teachers: ***House Bill 1408*** ***(passed)*** requires DPSCS, upon receiving a written request from a student teacher, to submit a printed statement regarding a criminal history records check to additional employers if the check was completed within the past 365 days (instead of the 180-day timeframe that is applicable to other specified employees). The bill also provides that the printed statement for employees of various specified entities that care for or supervise children is valid in any county. For a further discussion of ***House Bill 1408***, see the subpart "Education – Primary and Secondary" within Part L – Education of this *90 Day Report*.

Dispute Resolution

Since 1992, the Americans with Disabilities Act (ADA) has prohibited discrimination on the basis of disabilities within child care programs. Child care centers must make reasonable modifications in their policies, practices, and procedures in order to accommodate a child with a disability unless the modification would fundamentally alter the nature of the program. Despite these requirements, the Maryland Developmental Disabilities Council has indicated that quality and inclusive child care remain inaccessible to many children with disabilities and their families. The only remedy available to families who have a discrimination complaint under these circumstances is to file a complaint with the Office of Civil Rights in the U.S. Department of Justice, which is not always able to investigate the complaints in a timely manner.

***Senate Bill 832*/*House Bill 932* (both passed)** establish a dispute resolution workgroup in MSDE. The workgroup must make recommendations to the State regarding rules and regulations to establish a uniform and timely dispute resolution process to resolve claims of discrimination by a child care provider based on a child's disability. The dispute resolution process must address the needs of children and their families to obtain and keep child care, and may include (1) voluntary mediation; (2) a fact finder with authority to make determinations and recommendations consistent with the ADA Act; (3) a process for child care providers to access training and technical assistance; and (4) referral of claims of discrimination to the U.S. Department of Justice or other appropriate agency with jurisdiction over the child care provider.

Domestic Violence

Pursuant to Chapter 711 of 2009, DPSCS was required to develop an electronic notification system for law enforcement officers serving interim and temporary protective orders to notify DPSCS of service within specified time limits. If the petitioner has requested notification, DPSCS must notify the petitioner of the service within specified time limits. Chapter 711, originally set to terminate on December 31, 2011, was extended for an additional two years (until December 31, 2013) by Chapter 103 of 2011. ***Senate Bill 1001* (Ch. 79)** extends the termination date for an additional three years (until December 31, 2016).

Posthumously Conceived Child

House Bill 857* (passed)** alters the generally applicable definition of a child in the Estates and Trusts Article with respect to a child conceived from the genetic material of a person after the death of the person by requiring that the posthumously conceived child be born within two years of the person's death. For a further discussion of ***House Bill 857, see the subpart "Estates and Trusts" within Part F of this *90 Day Report*.

Human Relations

Reasonable Accommodations for Disabilities Due to Pregnancy

Disabilities caused or contributed to by pregnancy or childbirth are temporary disabilities for all job-related purposes and must be treated as such under any health or temporary disability insurance or sick leave plan available in connection with employment. Employers are prohibited from failing or refusing to make a reasonable accommodation for the known disability of an otherwise qualified employee but are not required to reasonably accommodate an employee's disability if the accommodation would cause undue hardship to the employer's business.

***Senate Bill 784*/*House Bill 804* (both passed)** require an employer, if an employee requests a reasonable accommodation for a disability caused or contributed to by pregnancy, to explore all possible means of providing the reasonable accommodation, including (1) changing the employee's job duties or work hours; (2) relocating the employee's work area; (3) providing mechanical or electrical aids; (4) transferring the employee to a less strenuous or less hazardous position; or (5) providing leave. Further, an employer must transfer the employee for a period of time up to the duration of the employee's pregnancy under specified circumstances and post in a conspicuous location, and include in any employee handbook, information concerning an employee's rights to reasonable accommodations and leave for a disability caused or contributed to by pregnancy.

Housing Discrimination Based on Source of Income

State law prohibits housing discrimination because of race, sex, color, religion, national origin, marital status, familial status, sexual orientation, or disability. ***Senate Bill 487/House Bill 603* (both failed)** would have added discrimination based on a person's source of income to this list. Under the bills, a "source of income" would have been any lawful source of money paid directly or indirectly to or on behalf of a renter or buyer of housing, including income from specified sources. The bills would have provided exceptions, if the source of income is rental assistance, for (1) the rental of rooms or apartments in an owner's principal residence; and (2) the rental of a unit in an assisted rental housing development. The bills would not have prohibited a person from refusing to consider income derived from any criminal activity or from determining the ability of a potential buyer or renter to pay by verifying, in a commercially reasonable and nondiscriminatory manner, the source and amount of income of the potential buyer or renter. Additionally, the bills would have required the Department of Housing and Community Development to submit specified reports to the Governor and the General Assembly.

Discrimination Based on Gender Identity

Sixteen states, the District of Columbia, and over 100 local jurisdictions have passed laws prohibiting discrimination based on gender identity. In Maryland, Baltimore City, Baltimore County, Howard County, and Montgomery County have laws prohibiting discrimination based on gender identity. Additionally, Governor O'Malley issued an executive order in August 2007 that included gender identity and expression as a proscribed basis for employment discrimination.

***Senate Bill 449* (failed)** would have prohibited discrimination based on "gender identity" in public accommodations, labor and employment, and housing and by persons licensed or regulated by a unit of the Department of Labor, Licensing, and Regulation. The bill also would have prohibited discrimination based on gender identity and sexual orientation in State personnel actions and in the leasing of property for commercial use. The bill would have defined "gender identity" as gender-related identity, appearance, expression, or behavior of an individual regardless of the individual's assigned sex at birth. The bill would have provided exemptions from provisions of the bill relating to housing discrimination for the rental of rooms or apartments in an owner's principal residence. The bill also would have specified that it is not unlawful for an employer to establish and require an employee to adhere to certain reasonable workplace appearance, grooming, and dress standards as long as an employee is allowed to appear, groom, and dress consistent with the employee's gender identity.

Real Property

Prohibition on Nonjudicial Evictions

The common law remedy of self-help allows a titleholder to peaceably enter and repossess property that is being unlawfully occupied by another. Over time, State and local governments have developed statutory alternatives to self-help evictions. For example, a landlord who wishes to evict a tenant for failing to pay rent, breaching a lease agreement, or refusing to vacate the premises at the end of a lease term may file a complaint with the District Court for repossession of the property. A mobile home park owner can follow a similar process to repossess premises from a park resident. The local sheriff's office is responsible for executing an eviction order once it is granted by the District Court.

In 2012, the Maryland Court of Appeals held that a foreclosure purchaser may exercise the common law remedy of peaceable self-help to repossess property from a defaulted mortgagor or other illegal occupant. *Nickens v. Mount Vernon Realty Group, et al.*, 429 Md. 53 (2012). In reaching its decision, the court found that this remedy was not superseded by a Baltimore City ordinance establishing a statutory process for repossession by a foreclosure purchaser. Although *Nickens* dealt specifically with a foreclosure purchaser's right to self-help, the case suggested that this common law remedy is available wherever it is not clearly abrogated or superseded by statute.

***Senate Bill 642*/*House Bill 1308* (both passed)** directly address the *Nickens* ruling by restricting the common law right to self-help eviction in the context of foreclosures, landlord-tenant actions, and mobile home park actions. The bills prohibit a party claiming the right to possession from taking possession or threatening to take possession of residential property from a protected resident by (1) locking the resident out of the residential property; (2) engaging in willful diminution of services to the protected resident; or (3) taking any other action that deprives the protected resident of actual possession. Possession may only be taken from a protected resident in accordance with a writ of possession issued by a court and executed by a sheriff or constable. The bills authorize a party claiming the right of possession of residential property to use nonjudicial self-help to take possession of the property only under limited circumstances. The bills also grant specified nonexclusive remedies to an aggrieved protected resident for a violation of the bills' provisions.

Mortgages

The State's multifaceted approach to the foreclosure crisis has involved legislative reforms of mortgage lending laws, extensive consumer outreach efforts, and enhanced industry regulation and reformation. The 2013 session saw the introduction of several bills aimed at helping homeowners who attempt to avoid foreclosure by taking advantage of mortgage assistance or refinancing options.

Refinance Mortgages

A refinance mortgage is the repayment of an existing mortgage loan with funds from a new loan using the same property as security. Often, refinancing a mortgage can help a homeowner achieve better loan terms, such as lower interest rates. However, the existence of a second mortgage on a property can make the refinancing process difficult. Because a refinanced mortgage is treated as a new mortgage, a homeowner who wants to refinance a first mortgage must typically obtain subordination agreements from the holders of any existing junior mortgages so that the first loan holder preserves priority. The subordination process can be lengthy and costly, and can sometimes block the homeowner's ability to refinance a first mortgage if the holder of a junior mortgage refuses to subordinate.

Modeled on Virginia legislation, ***Senate Bill 199***/***House Bill 88*** ***(both passed)*** negate the need for a homeowner to obtain permission from the holder of a junior mortgage when the homeowner refinances the full amount of the unpaid indebtedness secured by a first mortgage or deed of trust on residential property for a lower interest rate than provided for in the evidence of indebtedness secured by the first mortgage or deed of trust. The bills automatically grant, on recordation, the same lien priority to a qualifying refinance mortgage as to the first mortgage or deed of trust the refinance mortgage replaces. The principal amount secured by the junior mortgage may not exceed $150,000, and the principal amount secured by the refinance mortgage may not exceed the unpaid outstanding principal balance of the first mortgage or deed of trust plus an amount to pay closing costs of up to $5,000.

Maryland Mortgage Assistance Relief Services Act

Mortgage assistance relief service providers offer consumers a variety of services, ranging from negotiating reduced mortgage payments to helping avoid foreclosure. Under federal regulations issued by the Consumer Financial Protection Bureau, a mortgage assistance relief service provider may not misrepresent any material aspect of any mortgage assistance relief service or make a representation about the benefits, performance, or efficacy of any mortgage assistance relief service unless, at the time of the representation, the provider possesses and relies upon competent and reliable evidence that substantiates that the representation is true. Federal regulations also enumerate specific disclosures that must be placed on communications from mortgage assistance relief service providers, and place restrictions on the collection of advance payments by mortgage assistance relief service providers.

Senate Bill 383/***House Bill 291*** ***(both passed)*** make it a violation of State law if a mortgage assistance relief service provider offering mortgage assistance relief services in connection with a dwelling in the State fails to comply with the Consumer Financial Protection Bureau's regulations. The bills give the Commissioner of Financial Regulation, the Attorney General, and State's Attorneys investigatory and enforcement authority over violations of these regulations. Each violation is a misdemeanor and is punishable by up to three years imprisonment, a fine of up to $10,000, or both. A person who violates the bills' provisions must also pay restitution to any person damaged by the violation. The bills create a private right of action for damages incurred as the result of a violation of the bills. Such violations are also deemed an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions.

Common Ownership Communities

Common Ownership Community Managers

Common Ownership Communities (COCs) include condominium councils of unit owners, homeowners associations, and cooperative housing corporations. Many COCs employ the services of professional property managers to engage in business, legal, financial, and other transactions for the COC. The Community Associations Institute estimates that, as of February 2012, approximately 1,000 to 1,500 professional property managers conduct business in Maryland. State law does not designate a statewide office to regulate COC management services. As of January 1, 2011, however, all common ownership community management entities in Prince George's County must register with that county's Office of Community Relations. Also, COCs in Montgomery County have been required to register since the county created a 15-member volunteer Commission on Common Ownership Communities in 1991.

Senate Bill 794*/*House Bill 576* *(both failed) would have created the State Board of Common Ownership Community Managers to regulate the provision of COC property management services under the authority of the Secretary of Labor, Licensing, and Regulation. The measures would have (1) set forth qualifications for a COC manager's license and a limited license; (2) authorized the board to discipline a licensee or deny a license to an applicant; and (3) required COCs to register with the board.

Lien Foreclosure

A condominium unit owner is liable for all assessments or installments of assessments coming due while owning the unit. Likewise, a lot owner is liable for all homeowners association assessments and charges that come due while the lot owner owns the lot. If these assessments are not paid, the governing body of a COC may impose a lien on a unit or lot in accordance with the Maryland Contract Lien Act to recover unpaid assessments, interest on unpaid assessments, late charges, collection costs, and reasonable attorney's fees.

Senate Bill 161*/*House Bill 286* *(both passed) limit the situations in which the governing body of a COC may foreclose on a lien against a unit owner or lot owner. Notwithstanding the COC's governing documents, the governing body may foreclose on the lien only if the damages secured by the lien consist solely of (1) delinquent periodic or special assessments and (2) reasonable costs and attorney's fees directly related to filing of the lien and not exceeding the amount of the delinquent assessments. The damages may not include fines imposed by the governing body or attorney's fees related to recovering the fines. The bills do not preclude a governing body from enforcing a lien through any other means.

Closed Meetings of Condominium Board of Directors

House Bill 388 ***(Ch. 110)*** expands the purposes for which a condominium's board of directors may hold a closed meeting, similar to current law for a homeowners association, by allowing a meeting to be closed to consider terms or conditions of a business transaction in the negotiation stage if disclosure could adversely affect the economic interests of the council of unit owners.

Tenant Payment of Landlord Utility Bills

Senate Bill 849/***House Bill 1090*** ***(both passed)*** authorize the tenant of an "affected dwelling unit" to have utility service restored, or to prevent termination of utility service, when the landlord responsible for utility payments defaults. The bills apply only to gas or electric service and do not apply to electric cooperatives. A tenant facing threatened or actual termination of utility service may apply for a new utility service account in the tenant's name and may not incur liability for charges due on the landlord's account. A tenant may deduct the amount of payments made to a utility service provider from the rent due to the landlord under specified conditions. The measures also establish specified notification requirements for termination of utility service if the service address is different from, or the same as, the billing address of the affected dwelling unit.

Ground Rents

Ground leases have been a form of property holding in Maryland since colonial times. A ground lease creates a leasehold estate in the grantee that is personal – not real – property. The grantor retains a reversion in the ground lease property and fee simple title to the land. Ground leases generally have a 99-year term and are renewable perpetually. Ground rent is paid to the grantor (the ground lease holder) for the use of the property for the term of the lease in annual or semiannual installments. Under a typical ground lease contract, the tenant agrees to pay all fees, taxes, and other costs associated with ownership of the property. Prior to 2007, when a tenant failed to pay rent, the ground lease holder could bring an action for the past-due rent or for possession of the premises. Because the tenant had a leasehold estate, a tenant whose property was seized in an ejectment action received no other compensation.

After a series of news articles in 2006 chronicled serious problems with the ground rent system, the General Assembly passed several bills addressing ground leases during the 2007 session, including requiring lease holders to register their ground leases with the State Department of Assessments and Taxation (SDAT) and establishing a process for certain ground rent tenants to apply to extinguish or redeem ground rents.

As of January 2013, there were 87,441 ground leases registered with SDAT. Ground rents are concentrated mostly in Baltimore City as the city has close to 60,000 registered ground rents. When Baltimore City condemns a property that is subject to an irredeemable ground rent, the city becomes tenant of the ground rent and must provide notice to the landlord and apply to SDAT in the identical fashion as other ground rent tenants to extinguish the ground rent.

Baltimore City advises that condemnation of ground rent takes from 12 to 18 months. Additionally, if the city condemns abandoned or distressed property that is subject to a redeemable ground rent, the city may redeem the ground rent by an identical process.

To facilitate the extinguishment or redemption of ground rents on properties acquired by Baltimore City by any means, ***Senate Bill 366*/*House Bill 521* (both passed)** repeal the requirement that the city must "condemn" property before it may apply to SDAT to extinguish or redeem a ground rent and instead authorize the city to apply to SDAT to extinguish or redeem a ground rent on property "acquired" by the city. The measures also alter the content of the affidavit that the city must file with SDAT to extinguish or redeem a ground rent on property that was acquired or is being acquired by the city by certifying that the landlord has not registered the ground lease with SDAT. The bills also authorize a landlord of property acquired, rather than just condemned, by the city whose ground rent has been redeemed, to collect a redemption amount.

Manufactured Housing

In Maryland, an ownership interest in a manufactured home, like an ownership interest in a car, is documented by listing the owner's name on the certificate of title. This process of titling a manufactured home may limit the availability of credit to finance the purchase and refinancing of manufactured homes and make it more difficult for a homeowner to resell a manufactured home. Secondary market investors require certainty that a valid lien and marketable title exists before the loan may be sold. Without access to the secondary market, available credit is limited.

To address concerns about the titling of manufactured homes, Chapters 546 and 547 of 2012 established requirements that must be met before a manufactured home may be converted to real property. A manufactured home is converted to real property when (1) the manufactured home is attached to a permanent foundation; (2) the ownership interests in the manufactured home and the parcel of real property to which the manufactured home is affixed are identical; and (3) an affidavit of affixation complying with specified requirements has been recorded with the clerk of the court of the county in which the parcel of real property to which the manufactured home is affixed is located.

***Senate Bill 696*/*House Bill 794* (both passed)** alter and clarify the lien information that must accompany an affidavit of affixation when an owner of a manufactured home intends to convert a manufactured home to real property. The bills require the report that is prepared when the owner is unable to locate an original certificate of title or a manufacturer's certificate of origin, and the statement that accompanies the report, to identify all liens on the manufactured home, including for each lien (1) the name of the lien holder; (2) the nature of the lien; (3) the date the lien was created; and (4) the amount of the lien.

Disclosure of Energy Usage

In its 2010 *Maryland Energy Outlook*, the Maryland Energy Administration recommended requiring time-of-sale disclosure of energy consumption for all residential and commercial buildings, subject to size limitations. ***House Bill 40*** ***(failed)*** would have required a vendor of single-family residential real property to display or make available to prospective purchasers copies of specified utility bills or a document detailing utility usage history for the 12-month period before the property was marketed for sale.

Discrimination Based on Source of Income

Housing discrimination because of race, sex, color, religion, national origin, marital status, familial status, sexual orientation, or disability is prohibited under State law. ***Senate Bill 487***/***House Bill 603*** ***(both failed)*** would have also prohibited discriminatory practices in the sale or rental of a dwelling because of a person's source of income. For a further discussion of ***Senate Bill 487*** or ***House Bill 603***, see the subpart "Human Relations" within this Part F – Courts and Civil Proceedings of this *90 Day Report*.

Estates and Trusts

Probate

Family Allowance

Under current law, a surviving spouse of a decedent is entitled to receive from a decedent's estate an allowance of $5,000 for personal use and an allowance of $2,500 for each unmarried minor child of the decedent must be paid for the use of the minor. ***Senate Bill 198*** ***(passed)*** increases the allowance for the surviving spouse to $10,000 and for each unmarried minor child to $5,000. The bill applies only prospectively to a decedent who dies on or after October 1, 2013.

Modified Administration

Modified administration of an estate allows for an expedited timetable and fewer and less expensive filings. ***House Bill 858*** ***(passed)*** makes certain changes with respect to modified administration of an estate relating to (1) criteria specific to trusts that must be met in order to qualify to elect for modified administration; (2) after-discovered property in estates settled and distributed through modified administration; and (3) prepayment of inheritance tax on subsequent interests in property distributed from an estate under modified administration.

Specifically, the bill allows a personal representative to file an election for modified administration where a trust is a residuary legatee if each person who has a current interest in the trust is exempt from inheritance tax under specified provisions of the Tax-General Article (which include exemptions for specified family members and nonprofit organizations). This replaces an existing requirement that in order to elect for modified administration, all trustees of each trust that is a residuary legatee must be limited to the decedent's personal representative, surviving spouse, and children. In addition, the bill also establishes that, if the personal representative discovers property of the decedent after the time for filing a verified final report under modified administration, the personal representative must (1) file a verified final report under modified administration with respect to the after-discovered property within 60 days of the discovery of the property and (2) make final distribution of the after-discovered property within 90 days of the discovery. Finally, the bill allows for an application to prepay the inheritance tax for a subsequent interest in property that passes from a decedent to be filed with the register of wills of the county where the information report, rather than the inventory, was filed. The bill applies only prospectively to an estate of a decedent who dies on or after October 1, 2013.

Slayer's Statute

While there is a common law "slayer's rule" in Maryland, the State lacked a comprehensive "slayer's rule" statute. ***Senate Bill 489***/***House Bill 1211*** ***(both passed)*** disqualify a person who feloniously and intentionally kills, conspires to kill, or procures the killing of a decedent from benefiting from the death of the decedent. The person is also disqualified from receiving a general or special power of appointment conferred by the will or trust of the decedent and serving as a personal representative, guardian, or trustee of a trust created by the decedent. A disqualified person is treated as if the person disclaimed the property or interest in the property at the time of the decedent's death. The bills also specify that a disqualified person may not benefit from a survivorship interest in property held with the decedent or a life insurance policy on the decedent or other contractual arrangement with the decedent.

The bills establish a limit on the period in which a person may file a civil action alleging that another person is a disqualified person and limit the liability of specified third parties under specific circumstances. In addition, the bills limit who may provide notice to a third party and also limit the time period within which notice may be provided to a third party. The bills also specify that, if a distribution is erroneously made to a disqualified person, the disqualified person must make full restitution.

The bills apply only prospectively to the estate or property of a person who dies on or after October 1, 2013.

Posthumous Use of Donor Sperm and Eggs

House Bill 857 ***(passed)*** alters the generally applicable definition of a child in the Estates and Trusts Article with respect to a child conceived from the genetic material of a person after the death of the person. Specifically, the bill requires that a posthumously conceived child be born within two years of the person's death. With regard to any trust for a child conceived posthumously as defined by the bill, the bill requires that the person was the creator of the trust, and the trust became irrevocable on or after October 1, 2012. The bill also requires a written consent to the use of a person's genetic material for posthumous conception and a written consent to be the parent of the child, as well as a posthumously conceived child's birth record, to be filed with the register of wills within specified time periods. The bill establishes liability protections for a person holding property or a transferee of property from a claim by a posthumously conceived child who is unknown to the person or transferee. The bill applies retroactively to a child of a decedent who dies on or after October 1, 2012. However, the bill does not apply to a cause of action arising before the bill's effective date of June 1, 2013.

Trusts

Qualified Terminable Interest Property Trusts

House Bill 859 ***(passed)*** specifies that an individual who creates a "grantor" trust or a specified qualified terminable interest property (QTIP) trust is not considered the settlor of the trust if (1) the interest is the authority of the trustee to pay or reimburse the individual for any tax on trust income or trust principal payable by the individual under the law imposing the tax or (2) the trust is a QTIP trust under the Internal Revenue Code created for the benefit of the individual's spouse and the individual's interest in the trust income, trust principal, or both follows the termination of the spouse's prior interest in the trust. Furthermore, the bill specifies that that a creditor of the individual may not attach, exercise, reach, or compel distribution from the trust or certain other trust property attributable to a specified QTIP trust.

Special Needs Trusts

Chapters 561 and 562 of 2011 established provisions in State law relating to special needs, supplemental needs, and pooled asset special needs trusts. ***Senate Bill 332*****/*****House Bill 1328*** ***(both passed)*** amend these provisions, specifying that regulations adopted by State agencies that provide public benefits through means-tested programs to individuals with disabilities may not be more restrictive than any State law regarding trusts; this includes any State law regarding the reasonable exercise of discretion by a trustee, guardian, or conservator in the best interests of the beneficiary. The regulations also may not require disclosure of a beneficiary's personal or confidential information without consent. These and other existing requirements applicable to special needs, supplemental needs, and pooled asset special needs trusts may not be interpreted to require a court order to authorize a disbursement from a special or supplemental needs trust. Finally, a regulation regarding pooled asset special needs trusts must apply only to trust beneficiaries who are State residents or who receive State-funded benefits.

Maryland Trust Act

Senate Bill 753/***House Bill 437*** ***(both failed)*** would have established the Maryland Trust Act to partially codify the existing law in Maryland governing trusts, which is based in both case law and statute, and also make changes and additions to existing law. The bills were a modified version of the Uniform Trust Code (UTC) drafted by the National Conference of Commissioners on Uniform State Laws. Twenty-four states and the District of Columbia have enacted a version of the UTC.

Guardianship Accounts – Form and Limits

Senate Bill 168/***House Bill 8*** ***(both passed)*** specify that a guardian of the property of a minor or disabled person may petition the court to deposit cash belonging to the minor or disabled person in an amount not exceeding $200,000 into a single restricted account. Amounts in excess of $200,000 must be deposited in additional restricted accounts, subject to the same $200,000 limit, and the aggregate amount deposited in any financial institution may not exceed

$200,000. A deposit may be made into any type of account, including a certificate of deposit, in a financial institution that accepts deposits and is federally insured or regulated by the Commissioner of Financial Regulation.

Register of Wills – Salary

Senate Bill 196 ***(Ch. 29)*** increases the maximum annual salary that the Board of Public Works may set for a register of wills from $98,500 to $114,500. The Act's provisions apply at the beginning of the next following term of office. For a further discussion of ***Senate Bill 196***, see the subpart "Judges and Court Administration" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Part G
Transportation and Motor Vehicles

Transportation

Transportation Funding

Transportation Trust Fund Revenue Increase

The Transportation Trust Fund (TTF) is a nonlapsing special fund that provides funding for the Maryland Department of Transportation (MDOT) and for State transportation projects. The TTF consists of tax and fee revenues, operating revenues, bond proceeds, and fund transfers. The TTF's largest revenue sources in fiscal 2014 are the motor fuel and titling taxes and federal aid for the capital program, which represent $2.3 billion (57%) of all fund sources. In recent years, there has been significant concern about the State's ability to meet expanding transportation needs and maintain the existing transportation infrastructure.

House Bill 1515 ***(passed)***, among other things, imposes additional motor fuel taxes on all fuels, except aviation gasoline and turbine fuel, based on the retail price of gasoline and inflation; places procedural restrictions on transfers from the TTF and use of TTF monies; increases the vehicle registration fee surcharge; requires the Maryland Transit Administration (MTA) to increase base fare prices beginning in fiscal 2015; and requires the Governor to include bond funds in the budget for the State Highway Administration to comply with the Chesapeake Bay Watershed Implementation Plan (WIP). TTF revenues are estimated to increase by $116.1 million in fiscal 2014, $202.1 million in fiscal 2015, $446.7 million in fiscal 2016, $631.9 million in fiscal 2017, and $667.8 million in fiscal 2018. Also, general obligation bond proceeds are estimated to increase by $45.0 million in fiscal 2015, $65.0 million in fiscal 2016, $85.0 million in fiscal 2017, and $100.0 million annually in fiscal 2018 and 2019 for WIP compliance. For a more detailed discussion of this issue, see the subpart "Miscellaneous Taxes" within Part B - Taxes of this *90 Day Report*.

Transfer of Transportation Trust Fund Revenues Restricted

Because transportation funding has been redirected to nontransportation purposes in the past, several bills were introduced during the 2013 session that sought to restrict the transfer of

TTF funds to the general fund or to a special fund of the State, including, in addition to ***House Bill 1515*** discussed above, ***Senate Bill 253*** ***(failed)***, ***Senate Bill 643/House Bill 524*** ***(both failed),*** and ***House Bill 176*** ***(failed).***

Senate Bill 829 ***(passed)*** proposes to amend the Maryland Constitution to (1) require TTF funds to be used only to pay the principal of and interest on transportation bonds and for any lawful purpose related to construction and maintenance of an adequate highway system or any other transportation-related purpose and (2) prevent TTF funds from being transferred to the general fund or a special fund. An exception to the prohibition on TTF transfers is authorized only if the Governor, by executive order, declares that a fiscal emergency exists and the General Assembly, by a three-fifths vote of both houses, approves legislation concurring with the use or transfer of the funds. The allocation of highway user funds to local governments and the allocation of TTF funds to the Maryland Transportation Authority (MDTA) are not affected. The proposed Constitutional amendment must be submitted for a statewide vote at the November 2014 general election.

Transportation Revenues Reallocated to the Waterway Improvement Fund

The Department of Natural Resources Waterway Improvement Fund (WIF) finances projects and activities that develop, promote, and maintain Maryland's waterways for the benefit of the boating public. The vessel excise tax serves as the major source of funding for the WIF. Due to a significant decrease in boat sales in recent years, WIF revenues have declined by 50% since fiscal 2006. Among other things, ***Senate Bill 90*** ***(passed)*** redirects 0.5% of specified motor fuel tax revenue to the WIF, rather than the TTF, and establishes a maximum vessel excise tax amount of $15,000 per vessel for the fiscal 2014 through 2016 period. For a more detailed discussion of this issue, see the subpart "Natural Resources" within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

Public-private Partnerships

Public-private partnership (P3) agreements provide a means to utilize private-sector financing to maintain and expand capital infrastructure investment in structures and facilities intended for public use. While P3 agreements have been utilized primarily in Maryland to finance transportation infrastructure, there is increased interest in using P3s to support infrastructure upgrades in areas other than transportation.

House Bill 560 ***(Ch. 5)*** establishes a comprehensive State policy on the use of P3s and expressly authorizes specified agencies, including MDOT and MDTA, to enter into P3s. The Act establishes a State oversight process and associated reporting requirements and requires P3 proposals to follow a specified process prior to receiving Board of Public Works approval. For a more detailed discussion of this issue, see the subpart "State Agencies, Offices, and Officials" within Part C – State Government of this *90 Day Report*.

Maryland Transportation Authority

Payment of Tolls

Since 1971, MDTA has been responsible for constructing, managing, operating, and improving the State's toll facilities and for financing new revenue-producing transportation projects. MDTA toll collection procedures and requirements were established long before the introduction of open-road electronic tolling and have not kept pace with the latest toll collection technology and processes.

House Bill 420 ***(Ch. 113)*** updates MDTA electronic toll collection procedures by providing for the issuance of a "notice of toll due" and, subsequently, a civil citation for unpaid toll violations. Also, the Act authorizes MDTA to enter into agreements with other jurisdictions for reciprocal enforcement of toll violations. The provisions of the Act apply retroactively to any previously incurred toll that remains unpaid on July 1, 2013, the effective date of the Act.

Transportation Facility Projects

Baltimore Red Line Transit Project

The Red Line is a 14-mile, east-west light rail line that will run from Woodlawn through downtown Baltimore to the Johns Hopkins Bayview Medical Center Campus. It will link to the north-south light rail, Metro, and Maryland Area Regional Commuter trains. A total of 19 stations are planned, and ridership is forecast to be approximately 60,000 riders per day in 2030.

House Bill 234 ***(passed)*** extends indefinitely provisions of law that require MTA, when implementing the Red Line transit project, to consider (1) the establishment of a dedicated fund within the construction budget to compensate property owners whose property is damaged during construction; (2) the redevelopment of commercial areas in consultation with specified entities; and (3) methods for providing, in hiring for construction jobs, preferences for specified nearby residents. In addition, MTA is prohibited under the bill from acquiring any real property for construction of the Red Line if the acquisition results in involuntary residential displacement. The requirement to consider certain factors and the prohibition against property acquisitions must be applied by MTA in conjunction with Baltimore City.

Water Access from Transportation Facilities

According to the Chesapeake Conservancy, public access sites along the Chesapeake Bay and its rivers are very limited. Meanwhile, participation in fishing, canoeing, kayaking, and other recreational activities continues to grow. In January 2013, the National Park Service released a *Chesapeake Bay Watershed Public Access Plan* for increasing public access to the bay and tributaries by adding 300 new public access sites by 2015. The plan describes the status of existing public access, identifies potential new public access sites, provides planning and policy considerations, and recommends actions necessary to expand public access.

House Bill 797 ***(Ch. 140)*** requires local governments and MDOT, when developing a construction or improvement project involving a bridge or other transportation facility that is adjacent to or that crosses a waterway, to consider any reasonable and appropriate measures to provide or improve water access for fishing, canoeing, kayaking, or any other nonmotorized water-dependent recreational activity. Local governments and MDOT, in consultation with the Department of Natural Resources and interested stakeholders, must establish (1) standards and guidelines for identifying appropriate bridges and other transportation facilities to be considered for the provision or improvement of water access and (2) best practices and cost-effective strategies for accommodating water access.

Maryland Port Commission

Management Personnel Appointments

The Maryland Port Commission established a private operating company approximately 20 years ago to assist with stevedoring and terminal operations at State public marine terminals. In 1998, the commission was authorized to appoint up to 12 management employees, considered to be State employees, to perform services for the company. Until recently, the company's sole function was to provide stevedoring and landside terminal services at the Seagirt Marine Terminal, a State-owned public terminal facility. However, in January 2010, a lease and concession agreement was executed with Ports America Chesapeake, a national stevedoring company, for operation and management of Seagirt.

Senate Bill 85 ***(Ch. 21)*** expands the scope of work that may be undertaken by the 12 management personnel employees appointed by the commission to encompass the operation and management of all State-owned port facilities for the commission, including day-to-day marine terminal operations, international trade, and customer relations.

Motor Vehicles

Driver Licensing – Applicants Lacking Lawful Status

Chapter 390 of 2009, enacted in part to respond to new federal requirements under the REAL ID Act, defined "lawful status" as it applies to the issuance of identification cards, driver's licenses, and moped operator's permits. It also established a "two-tiered" approach to the issuance of these documents by the Motor Vehicle Administration (MVA). The first tier documents are available only to individuals who have lawful status in the United States. The second tier documents are not acceptable for official federal purposes, including boarding an airplane or entering a federal building. The 2009 legislation included provisions applicable to second tier documents that (1) prohibited the issuance of a document to an individual who did not hold one of the documents on April 18, 2009 and (2) required the expiration of the documents by July 1, 2015, and prohibited the issuance or renewal of the documents on or after July 1, 2015.

Senate Bill 715 ***(passed)*** expands the authority of MVA to issue or renew a second tier driver's license, identification card, or moped operator's permit by repealing the above-described prohibitions on the issuance or renewal of the documents under specific circumstances and the requirement that the documents expire by July 1, 2015. Under the bill, MVA may issue a driver's license, an identification card, or a moped operator's permit to an applicant who cannot show lawful status and is not a current holder of one of these documents only if the applicant provides documentary evidence that the applicant, for each of the two preceding years, has (1) filed a Maryland income tax return or (2) resided in Maryland and been claimed as a dependent by an individual who has filed a Maryland income tax return.

Distracted Driving

The Insurance Institute for Highway Safety estimates that, at any given moment, about 660,000 drivers in the United States are holding handheld cell phones while driving. In December 2011, the National Transportation Safety Board recommended a national ban on the nonemergency use of all portable electronic devices (unless designed to support the driving task), including cell phones and text messaging devices, while driving. The recommendation applied to hands-free as well as handheld devices.

In the *2012 National Survey on Distracted Driving Attitudes and Behaviors* released in April 2013 by the National Highway Traffic Safety Administration (NHTSA), it was reported that 28% of respondents admitted to answering incoming calls on all or almost all driving trips. Of those who reported using a cell phone while driving, 58% reported that they answer and drive simultaneously. Slightly more than half of respondents in states with laws banning some form of cell phone use while driving (52%) thought a driver who regularly talks on a cell phone while driving was likely to get a ticket in the future. About 44% of respondents believed it was unlikely that a driver would be ticketed.

Senate Bill 339*/*House Bill 753 ***(both passed)*** authorize primary enforcement of the prohibitions against the use of (1) a wireless communication device by a minor operating a motor vehicle; (2) a handheld telephone by an adult driver while operating a motor vehicle with a provisional license or learner's permit; (3) a handheld telephone by an operator of a school vehicle that is carrying passengers and in motion; and (4) the fully licensed driver's hands to use a handheld telephone, while the vehicle is in motion, except as specified. The bills repeal the provisions of law that limited enforcement to a secondary action when a driver is detained for another violation.

For adult drivers and school bus operators, the bills increase the maximum fine for a first offense from $40 to $75. For a second offense, the fine increases from $100 to a maximum of $125. The bills establish a maximum penalty of $175 for a third or subsequent offense and also specify that points may not be assessed against the driving record of any offender over 18 years of age unless the violation contributes to an accident.

Seat Belts and Child Safety Seats

According to the Maryland Department of Transportation, based on observational surveys in 2011, Maryland's adult front seat belt use rate has reached 94.18%, one of the highest in the nation. Although there is no reliable Maryland data on rear seat belt use, a study conducted by NHTSA in 2008 found that seat belt use by rear seat passengers was nearly 20% higher in states where the law applies to all occupants rather than only front seat occupants. According to the Insurance Institute for Highway Safety, the laws in 26 states and the District of Columbia require that all motor vehicle occupants be restrained.

Senate Bill 87 ***(passed)*** prohibits any person age 16 or older from being a passenger in the rear seat of a motor vehicle unless restrained by a seat belt. The offense is enforceable only as a secondary action. The bill also repeals the "floater exemption" that authorized the transport of a child under the age of 16 without the use of a seat belt or child safety seat if all of the securing locations were in use by children. Lastly, the bill increases, from \$25 to \$50, the penalty for violating the requirements to use a child safety seat or a seat belt, as appropriate, and repeals the requirement that court costs be included in the fine for specified seat belt violations.

Impaired Driving

The Transportation Equity Act for the 21st Century (TEA-21) established a penalty program to encourage states to enact laws prohibiting the possession and consumption of alcoholic beverages in motor vehicles. Federal enactments subsequent to TEA-21, including the most recent, the Moving Ahead for Progress in the 21st Century Act (MAP-21), continue this penalty program. As a result of the enactment of MAP-21, NHTSA reviews the compliance of states with regard to open container laws. An initial determination was made by NHTSA that Puerto Rico and 21 states, including Maryland, may have an issue related to federal requirements. For Maryland, the potential issue is the reference to the definition of "motor vehicle" that specifically excludes mopeds and motor scooters.

House Bill 430 ***(passed)*** alters the definition of "motor vehicle" to expand the types of motor vehicles within which an occupant of the passenger compartment is prohibited from consuming or possessing an alcoholic beverage while the motor vehicle is on a highway. For purposes of the prohibition, "motor vehicle" means a self-propelled vehicle or a vehicle propelled by power obtained from overhead wires and that is not operated on rails. "Motor vehicle" includes a low-speed vehicle, a moped, and a motor scooter. According to data maintained by the District Court, 1,727 citations were issued to Maryland drivers in fiscal 2012 for consuming an alcoholic beverage in a motor vehicle.

Vehicle Registration

Registration Plates for Individuals with Disabilities

MVA may provide a special disability registration number and plates to the owner of a vehicle who submits satisfactory proof of specified physical disabilities. To qualify for the special registration, a licensed physician, certified nurse practitioner, chiropractor, optometrist, or podiatrist must certify that the vehicle owner has a cardiovascular, lung, ambulatory, visual, or other specified disability in accordance with the Maryland Vehicle Law.

Disability Plates for Motorcycles: ***Senate Bill 212/House Bill 374*** ***(both passed)*** specify that an individual with a disability may possess two valid special disability registrations for motorcycles in addition to authorized special registrations and parking placards.

Parking Privileges: The holder of special disability registration plates is afforded specified parking privileges including the authorization generally to park for unlimited periods in parking zones restricted as to the length of parking time permitted. ***Senate Bill 217/House Bill 320*** ***(Chs. 32 and 33)*** provide that, in Baltimore County, a holder of special registration plates for individuals with disabilities may park in a designated zone for the handicapped established by the county on a county highway for only the amount of time specified for that parking zone. ***Senate Bill 742*** ***(passed)*** establishes that the additional parking privileges afforded a holder of special registration plates for individuals with disabilities do not apply in locations within Baltimore City where there is a local ordinance that restricts parking for vehicles that do not display a residential parking permit.

Special Vintage Reproduction Registration Plates

Senate Bill 39/House Bill 977 ***(both passed)*** require MVA to develop and make available for one year a specially designed vintage reproduction registration plate for qualifying vehicle owners. The vintage reproduction plate must be designed to resemble the 1910 Maryland registration plate, which has black lettering on a yellow background. The bills require MVA to set initial registration and annual renewal fees for recovery of the costs of issuing the plate and for distribution into the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund.

Vehicles Not Subject to Registration

Each motor vehicle, trailer, semitrailer, and pole trailer driven on a highway must be registered with MVA. Certain vehicles, however, such as all-terrain vehicles and utility terrain vehicles, are not subject to registration because they are not designed or manufactured for safe use on public roadways.

Use of Emergency Vehicles on Highways: ***House Bill 680*** ***(passed)*** allows a local authority, in exercising local police powers, to authorize an emergency vehicle not subject to registration to operate on a highway while performing an "emergency service," defined as (1) responding to an emergency call; (2) pursuing a violator or suspected violator of the law; or (3) responding to, but not returning from, a fire alarm.

Penalties for Unlawful Use on Highways: ***House Bill 801*** ***(passed)*** requires a court to report a conviction for driving an off-highway recreational vehicle (OHRV) on a highway to MVA for a mandated six-month license or driving privileges suspension for a first offense or a one-year license or driving privileges suspension for a subsequent offense. The same administrative penalties apply to an adjudication of a child as delinquent or a finding of a delinquent act for this violation. The bill also requires the District Court and MVA to establish uniform procedures for reporting convictions. MVA must also assess points and suspend the license or privilege to drive of an individual younger than age 18 (a "child") found to have committed a delinquent act or adjudicated as delinquent for driving an unregistered OHRV on a highway.

Title and Registration – Transfer to Surviving Spouse

***Senate Bill 25*/*House Bill 725* (both passed)** establish that for a vehicle that had been jointly owned by married individuals, following the death of one spouse, the surviving spouse may drive the vehicle or allow the vehicle to be driven without applying for a new registration until the last registration in the name of the joint owners expires. The surviving spouse is also not required to apply for a new certificate of title until the last registration in the name of the joint owners expires. The bills also prohibit MVA from charging a fee for the issuance of a new certificate of title to the surviving spouse.

Rules of the Road

Speed Monitoring Systems

Chapter 15 of 2006 authorized the first use of speed monitoring systems in the State, but it only applied to highways in school zones and residential districts in Montgomery County. Chapter 500 of 2009 authorized the use of speed monitoring systems in school zones statewide.

Although a statewide review of speed monitoring programs has not been conducted, a combination of national and international studies and local program evaluations provides some insight into the level of effectiveness of the programs. According to the Insurance Institute for Highway Safety, several studies have documented reductions in crashes in the vicinities of speed monitoring systems, including crashes that result in an injury or fatality.

A number of bills related to automated speed enforcement were introduced in the 2013 legislative session, in part as a response to recent media scrutiny of speed monitoring systems statewide. The additional scrutiny has centered around two common criticisms of speed monitoring systems: (1) that technical issues and insufficient review of recorded images result in erroneously generated citations; and (2) that the contracts with vendors are structured in such a manner as to establish an incentive to generate more citations and revenues, thereby casting doubt on the integrity of speed monitoring systems as a safety measure.

In particular, ***Senate Bill 207/House Bill 929* (both failed)** would have clarified that a certificate alleging a speed monitoring system violation must be sworn to or affirmed by a duly authorized law enforcement officer, rather than an agent or employee of a law enforcement agency. The bills also would have specified that, before activating a speed monitoring system, the local jurisdiction must ensure that each sign that designates a school zone is proximate to the sign indicating a speed monitoring system is in use, and that it is in accordance with the manual and specifications for a uniform system of traffic control devices adopted by the State Highway

Administration. Additionally, the bills would have (1) altered the standards and requirements for new locations for speed monitoring systems by prohibiting issuance of a citation until 15 days after the required signage is in place; (2) limited school zone programs to highways with a minimum speed limit of 20 miles per hour; (3) required local jurisdictions to designate a certain person to act in a public liaison capacity; (4) altered the standards and requirements for daily self-tests and annual calibrations; (5) required local jurisdictions to designate a program administrator; (6) required that a speed monitoring system contract include provisions requiring liquidated damages from contractors for improper acts and authorizing cancellation of the contract if necessary; (7) established training requirements for local program administrators; (8) expanded the scope of the application of the prohibition against contingent fees; and (9) prohibited payment to contractors on a per ticket basis for contracts entered into on or after April 9, 2013, and prohibited the extension of contracts entered into before that date.

Motorcades and Vehicle Escorts

Senate Bill 621 ***(Ch. 66)*** authorizes the driver of an "emergency vehicle," as defined in the Maryland Vehicle Law, that is registered in the State or a local jurisdiction of the State to exercise specified privileges while performing motorcade or escort duty if the motorcade or escort duty involves homeland security, a funeral, a dignitary, or facilitating the safe movement of vehicles or pedestrians that are or will be near the motorcade or escort. The Act authorizes the driver of an emergency vehicle to travel through any local jurisdiction in the State as required to perform and return from motorcade or escort duty. The driver of an emergency vehicle is prohibited, however, from using flashing lights or a bell, siren, or exhaust whistle while returning from a motorcade or escort. Before exercising any of the privileges set forth in the Act, the jurisdiction that employs the driver of the motorcade or escort must provide notice of the motorcade or escort to any jurisdiction that the driver will enter while performing or returning from the motorcade or escort duty.

Notice Requirements – Towing or Removal of Vehicles

Chapter 228 of 2012 established that, unless otherwise established by local law, a person who tows or removes a vehicle from a parking lot may not charge more than the *actual* cost of providing certain notice required by State law. Towing services are required to notify police within one hour of a tow and photograph the violation or event that precipitated the violation. ***House Bill 781*** ***(passed)*** prohibits a towing service that tows a vehicle from a parking lot from charging for the actual cost of providing the required notice of the tow if the vehicle's owner or agent, insurer, or any secured party retakes possession of the vehicle within 48 hours of the vehicle being received by the storage facility. The bill also increases, from three days to seven days, the period within which a tower must notify the owner, any secured party, and the vehicle's insurer of the tow by certified mail, return receipt requested, and first-class mail after towing a vehicle.

Roadside Solicitation of Money or Donations

In Allegany County, the county commissioners or a municipality may adopt a permit program for roadside solicitation. A person is prohibited from standing in a roadway, median divider, or intersection to solicit donations from occupants of motor vehicles without a valid permit and from causing, encouraging, allowing, or petitioning others to do so. ***House Bill 467 (Ch. 118)*** extends the maximum effective time period for a roadside solicitation permit in Allegany County from one day to five days.

Oversize Vehicles or Cargo

Damage to Highways from Oversize Vehicles

According to the State Highway Administration, there has been an increase in the number of incidents in which bridges, overhead structures, and toll booths are being struck by vehicles that are excessively heavy, tall, or wide. These vehicles often either do not hold the necessary permit or are violating the terms of their permits.

Senate Bill 72 (passed) subjects a person who drives a vehicle or moves an object in excess of height or width limits to civil liability of up to $10,000 for certain resulting damage to a State, county, or municipal highway, unless the vehicle is operated in accordance with the terms and conditions of a permit for the excessive height or width. If the damage caused by the violation is assessed at more than $25,000, the driver and owner are jointly and severally liable for the $10,000 civil penalty. Finally, the bill relieves a person from liability for damages caused by the driving of an overweight vehicle or movement of an overweight object if the driving or movement is done in accordance with the terms and conditions of an overweight vehicle permit.

Standards for Piling, Poles, Mill Logs, and Similar Cargo

According to MDOT, vehicles carrying utility poles of about 130 feet in length travel through Maryland as part of a route from the Southeast to their destination in Pennsylvania. Unlike the other states along the route, in this situation Maryland does not require a special permit with conditions such as a vehicle escort, required flagging or signaling, or predetermined routes. MDOT also states that while utility companies typically transport their utility poles in trailers specifically designed for that purpose, these pole trailers are not constructed to enclose the poles.

Senate Bill 73 (Ch. 18) requires vehicles or vehicle combinations carrying piling, poles, or logs that exceed 75 feet in length to obtain a special permit. The Act, in order to codify the current practice of utility companies, also repeals a requirement for vehicles carrying poles, logs, lumber, pipes, steel, and other similar materials to entirely enclose the load. Instead, the Act requires only that the loads comply with specified load-fastening requirements, including requirements found in federal regulations.

Miscellaneous

Electric Vehicles

Chapters 400 and 401 of 2011 established the Maryland Electric Vehicle Infrastructure Council to promote the use of electric vehicles in Maryland. An interim report of the council's work and recommendations was required to be submitted to the Governor and the General Assembly by January 1, 2012, and a final report was required to be submitted by December 1, 2012. In the final report, the council recommended that the termination date for the council be extended by two years.

Senate Bill 600/***House Bill 836*** ***(Chs. 64 and 65)*** extend by (1) two years the termination date for the Maryland Electric Vehicle Infrastructure Council and (2) four years the authorization for plug-in electric drive vehicles to use high occupancy vehicle (HOV) lanes. The Acts also establish new reporting requirements for the council. Additionally, the Acts define "plug-in electric drive vehicle" in the Maryland Vehicle Law, including for purposes of the vehicle excise tax credit, the disclosure of personal records by the MVA, and the use of such vehicles on HOV lanes.

House Bill 791 ***(passed)*** extends the termination date of the electric vehicle recharging equipment income tax credit. The bill also extends the qualified electric vehicle excise tax credit. For a more detailed discussion of this bill, see subparts "Income Tax" and "Miscellaneous Taxes" within Part B – Taxes of this *90 Day Report*.

Expanded Authority to Issue Citations

An employee designated by the MVA's Office of Investigations and Internal Affairs (IIA) may issue citations to the extent authorized by MVA for violations of specified provisions. If IIA investigators discover violations for which they have no enforcement authority, they must seek the assistance of law enforcement personnel to issue a citation, causing additional workloads for both the investigators and the law enforcement personnel. ***Senate Bill 75*** ***(Ch. 19)*** expands the list of violations of the Maryland Vehicle Law for which designated employees of IIA may issue a citation, including violations related to false identification, unlicensed business activity, and odometer tampering. The Act clarifies that a designated IIA employee has the same authority as a police officer to issue a citation for an applicable violation.

Part H
Business and Economic Issues

Business Occupations

New Registration, Licensing, and Permitting Requirements

Land Professionals

"Land professionals," or landmen, are the business arm of the petroleum and mineral industry; they meet with landowners and negotiate leases on behalf of companies seeking to mine or drill on a plot of land. On January 7, 2013, the Marcellus Shale Safe Drilling Advisory Commission voted to recommend that the State establish a registry for land professionals. ***Senate Bill 766/House Bill 828*** ***(both passed)*** implement this recommendation by establishing a mandatory registration program for land professionals. Before obtaining any mineral rights in oil or gas from a property owner, a land professional must provide proof to the property owner that he or she is registered as a land professional in the State. Registration is valid for two years and may be renewed. A violation of the bills is a misdemeanor, subject to a fine of between $500 and $1,000.

The bills require the Department of Labor, Licensing, and Regulation (DLLR) to facilitate public access to the registry and to adopt regulations to establish a registration form, set fees for initial and renewal registration, provide for the assignment of a registration number and the issuance of a registration certificate, and establish any other requirements and procedures necessary to implement registration.

For a more detailed discussion of this issue and other issues related to hydraulic fracturing, see the subpart "Environment" within Part K – Natural Resources, Environment, and Agriculture of this *90 Day Report*.

Hairstylists

Cosmetologists licensed by the State Board of Cosmetologists may provide a range of hair, nail, and esthetic services. Licensed estheticians and nail technicians practice under a limited license that restricts the scope of services to esthetic and nail services, respectively. ***House Bill 1301*** ***(passed)*** carves out from the practice of cosmetology a third limited license to "provide hair services" only, which means to provide to an individual, for compensation, the service of beautifying, cleaning, or embellishing that individual's hair by arranging, coloring, or dressing the hair, among other services. Subject to specified exemptions that also apply to cosmetologists, a person may not provide hair services in any place other than a beauty salon or barbershop that holds an applicable permit.

An applicant for a limited license to provide hair services must be age 17 or older, have completed successfully a ninth grade education or the equivalent, and have received training by either serving as a registered apprentice for at least 15 months or successfully completing 1,200 hours of instruction providing hair services in an approved cosmetology school. (In contrast, a cosmetologist must complete 24 months of training as an apprentice or at least 1,500 hours of instruction.) An applicant for a limited license to provide hair services must pass an examination given by the board.

Professional Engineering Firms

The State Board for Professional Engineers has been made aware of companies that claim to provide engineering services when in reality the companies neither have a licensed professional engineer on staff nor offer engineering services. ***House Bill 347*** ***(passed)*** is intended to prevent both occurrences by requiring companies that provide engineering services to (1) obtain a firm permit from the board and (2) designate a licensed Maryland professional engineer to be a "managing agent" in charge of engineering matters.

Beginning on October 1, 2015, a corporation, partnership, or limited liability company (LLC) must hold a permit issued by the board before the firm may operate a business through which engineering is practiced, except for specified circumstances relating to providing engineering services for itself or affiliated firms. A corporation, partnership, or LLC must submit specified forms, an application fee, and additional information to the board and designate a person as a managing agent. The board must issue a permit to each applicant who meets the bill's requirements and pays the permit fee set by the board.

The bill authorizes the board to take specified enforcement actions against a firm for fraudulently or deceptively obtaining or using a permit. The board may impose a penalty of up to $5,000 in addition to taking other enforcement action as well as for failure to meet the qualifications or requirements associated with permits. The board is one of five design boards in Maryland; three other design boards (architects, landscape architects, and professional land surveyors) already have firm permitting frameworks but lack enforcement authority.

Electricians

The State Board of Master Electricians issues master electricians licenses to qualified individuals; each county in Maryland is required to adopt licensing qualifications for electricians that are comparable to or more stringent than specified State qualifications or require a State license. Thus, in a local jurisdiction that requires a local license, the State license serves only as a mechanism for obtaining reciprocal licenses in other jurisdictions. In the two local jurisdictions that do not have local licensing requirements, Garrett and Allegany counties, an electrician must have a State license to provide electrical services as a master electrician.

The 2010 sunset review of the board conducted by the Department of Legislative Services (DLS) examined the issue of a statewide electrician license. In its evaluation, DLS recommended that the board be allowed to terminate and that it be replaced by a new State Board of Electricians with statewide regulatory authority. However, the recommendation was not adopted by the General Assembly. The report further recommended that the General Assembly adopt legislation to require master electricians to participate in continuing education as a requirement for license renewal. This recommendation was included in the legislation extending the termination date of the board. Chapter 201 of 2011 required the board to adopt regulations to establish continuing education requirements. As of April 2013, the proposed regulations were filed with the Joint Committee on Administrative, Executive, and Legislative Review; final action is pending.

Senate Bill 916 ***(passed)*** establishes a Task Force to Study Licensing and Continuing Education Requirements for Electricians. The task force must (1) examine proposed changes to the State licensing requirements for electricians in the State; (2) review appropriate approaches for the licensure of electricians at the State and local level; (3) if a new approach to licensure is deemed appropriate, consider how this change affects currently licensed electricians and associated boards; (4) make findings and recommendations regarding the effect of statewide licensing on barriers to entry into the electrician marketplace; (5) make findings and recommendations regarding the causal link between continuing education and benefits to the professional practice of an electrician; (6) make recommendations relating to statewide continuing education requirements for electricians; and (7) make recommendations for other legislation relating to licensing requirements for electricians. The task force is required to report its findings and recommendations for legislation to the Governor and General Assembly by November 15, 2013.

Expedited and Temporary Licensure for Active Duty Military, Veterans, and Their Spouses

According to the U.S. Bureau of Labor Statistics, the national unemployment rate for veterans in 2012 was 7%, lower than the 7.9% rate for nonveterans. However, the unemployment rate for veterans who served on active duty in the U.S. Armed Forces at any time since September 2001 – a group referred to as Post 9/11 veterans – was 9.9% in 2012. Post 9/11 veterans are younger and have less education than other veterans. The unemployment rate among young male Post 9/11 veterans was 29.1% in 2011, compared with an unemployment rate of 17.6% for nonveterans of the same age (18 to 24). In Maryland there were 238,000 veterans in the labor force in 2011, about 8% of the total labor force. Of these veterans, 14,000 were unemployed, an unemployment rate of 5.9% compared with a 7.1% unemployment rate for nonveterans. The unemployment rate for Post 9/11 veterans, however, was 8.9%.

The Veterans Full Employment Act of 2013, ***Senate Bill 273*/*House Bill 225* (both passed)**, facilitate professional licensing for active duty military personnel, veterans, and their spouses through the expedited issuance of specified licenses, registrations, and certificates. The Administration bills require occupational and professional licensing units within DLLR to give a military service member or veteran credit for relevant military training and education when determining whether the individual meets applicable training and education requirements for State credentials. The bills also require licensing units within DLLR to issue *expedited* temporary licenses, registrations, or certificates to a military service member, veteran, or military spouse who holds a credential in another state that has substantially equivalent licensing standards. The *expedited* temporary license is valid until the earlier of six months after the date of issuance or the date the individual receives notice that an application has been granted or denied. The bills further authorize licensing units within DLLR to issue a temporary license to a military service member, veteran, or military spouse who has a license in good standing in another state that does not have substantially equivalent licensing standards. The temporary license remains in effect for the amount of time, as determined by the unit, that is necessary for the individual to meet State licensure requirements.

Each application for a temporary license must include payment of any application fee required by the licensing unit. Each licensing unit must publish on its website details of the expedited processes established under the bill, and each may adopt regulations. DLLR and various other affected agencies (which are likewise required to facilitate licensing) are required to submit to the Governor and the General Assembly (1) a preliminary report by January 1, 2014, and (2) a final report by January 1, 2105. The reports must encompass specified information on the applications received and actions taken, assistance provided, and recommendations regarding the effectiveness of and possible improvements to the expedited and temporary licensure program.

For a discussion of the health occupation provisions of the bills, see the subpart "Health Occupations" within Part J – Health and Human Services of this *90 Day Report*. For a discussion of the education provisions of the bills, see the subparts "Education – Primary and Secondary" and "Higher Education" within Part L – Education of this *90 Day Report*.

Examination and Professional Competency Requirements Associated with Licensure

Design Professionals

Professional Engineers and Professional Land Surveyors: Beginning in 2014, the national organization that administers exams for professional engineers and professional land surveyors will only administer the exams on computers. Chapter 210 of 2011 removed the reference to the "written" engineering examinations that individuals must pass in order to be licensed by the State Board for Professional Engineers. For professional land surveyors, ***House Bill 353* (Ch. 102)** makes the same change to facilitate the computer-based delivery of exams, codifies the State Board for Professional Land Surveyors' practice of requiring applicants to pass State-specific exam sections, and increases the required years of experience from four to eight for an individual who does not have a college degree but who passes specified exams. For both boards, the Act also authorizes alternative means of delivering exam results, alters the process for an applicant to review a failed exam, and clarifies the reexamination process, which is based on the national organization's policies.

Landscape Architects: The State Board of Examiners of Landscape Architects is the only design board that does not require continuing education or continuing professional competency as a condition of licensure renewal. ***Senate Bill 280*** ***(passed)*** requires the board to establish, by regulation, continuing professional competency requirements for licensed landscape architects. Licensees must complete at least 24 hours of professional development activities as a condition of each license renewal, except for the first renewal. The requirement is phased in for licensees whose license expires before October 1, 2016.

Stationary Engineers

To qualify for licensure as a stationary engineer, an applicant must meet specified educational and experience requirements and pass an examination administered by the State Board of Stationary Engineers. Licenses are issued in five grades, generally distinguished by the horsepower of the boiler the licensee is authorized to oversee. Before taking an examination for any grade, an applicant must qualify based on the applicant's education, experience, or some combination of the two. For both Grade 1 and 2 licenses, a candidate may receive one year of credit for holding a current active license as a (1) master plumber; (2) master heating, ventilation, air-conditioning, and refrigeration (HVACR) contractor from the State Board of HVACR Contractors; or (3) master restricted heating, ventilation, or air conditioning (but not refrigeration) contractor from the State Board of HVACR Contractors.

House Bill 355 ***(Ch. 104)*** authorizes an applicant for a Grade 1 or Grade 2 stationary engineer's examination to also receive one year of credit for holding a current active license as a master restricted refrigeration contractor with the State Board of HVACR Contractors.

Other Legislation Related to Licensure of Professionals

Accountants

The State Board of Public Accountancy licenses, regulates, and enforces the laws governing approximately 20,000 certified public accountants. ***Senate Bill 238***/***House Bill 209*** ***(both passed)*** implement the recommendations of the 2012 preliminary sunset evaluation conducted by DLS and extend the board's termination date by 10 years to July 1, 2025. Another evaluation of the board must be completed by July 1, 2024.

The bills further require the board, by October 1, 2013, to submit a report to the Senate Education, Health, and Environmental Affairs Committee and the House Economic Matters Committee on (1) fund balances, changes to the target fund balances, and future plans to use any remaining surplus; (2) findings and recommendations related to the outsourcing of exam application processing; and (3) specified information pertinent to the board's oversight of the peer review process.

Electrical Inspectors and Plumbing Inspectors

Senate Bill 350/House Bill 270 ***(both passed)*** generally require a county or local government to employ licensed or recently licensed master electricians as electrical inspectors and licensed master plumbers as plumbing inspectors, subject to specified exceptions. This requirement applies only to electrical and plumbing inspectors hired after January 1, 2014, when the bills take effect.

Business Regulation

Tobacco Products

House Bill 182 ***(Ch. 86)*** exempts a licensed cigarette subwholesaler from having to pay a fee of $250 to the Comptroller in an application for a license to act as a wholesaler of other tobacco products, including cigars or any rolled tobacco (other than a cigarette) that is intended for consumption either by smoking, chewing, or as snuff. The Act establishes parity between licensed cigarette subwholesalers and licensed cigarette wholesalers.

Motor Fuel

The Comptroller issues multiple classes of dealer licenses that authorize various activities relating to the import, export, and acquisition of gasoline and other motor fuels. ***House Bill 669*** ***(passed***) authorizes the Comptroller to authorize any person who holds a dealer license other than a Class "A" dealer license to introduce an additive into gasoline for resale or distribution if the person complies with the law and related regulations. The bill requires that the regulations adopted by the Comptroller specify that additives be introduced by in-line blending or any equivalent or superior method, as determined by the Comptroller, and that the licensed dealers pay the motor fuel excise tax on the additive.

Cemeteries

DLLR advises that, even though a single cemetery is responsible for repeated violations of the Maryland Cemetery Act, the penalty that may be imposed for subsequent offenses of the cemetery is the same as that for a first offense. Thus, ***House Bill 349*** ***(Ch. 99)*** establishes tiered systems of penalties for violations of perpetual care requirements, preneed sales requirements, and other prohibited acts in the cemetery and burial goods industry regulated by the Office of Cemetery Oversight. The Act also establishes tiered penalties for each corporate officer of a corporation that violates the specified perpetual care or preneed burial contract provisions; each officer responsible for the violation is subject to the same penalties as individuals. All violations are misdemeanors, with uniform maximum imprisonment penalties. For a first violation, the term of imprisonment may not exceed one year; for a second violation, the maximum term of imprisonment increases to two years; and for a third or subsequent violation, it escalates to three years. However, the maximum fines that may be imposed vary by type of violation and whether it is a first or subsequent offense; they range from $5,000 to $20,000.

Further, a person who willfully misappropriates or intentionally and fraudulently converts perpetual care or preneed trust funds in excess of $100 to that person's own use is guilty of a felony and, on conviction, is subject to maximum penalties of a $25,000 fine and/or imprisonment for 10 years.

Secondhand Precious Metal Object Dealers and Pawnbrokers

DLLR regulates dealers who acquire and trade secondhand precious metal objects, including gold and silver. ***House Bill 1040*** ***(passed)*** authorizes a law enforcement agency to extend the period for which specified items suspected of being stolen must be held by dealers licensed under the Maryland Secondhand Precious Metal Object Dealers and Pawnbrokers Act. The bill also exempts a transaction by a retail jeweler if the jeweler participates in a "remount sale" – a transaction between a retailer and an existing customer to upgrade the customer's precious or semiprecious stone or pearl by removing from an existing mounting and placing in a new mounting from the retailer and then crediting the value of the existing mounting toward the cost of the new mounting.

House Bill 1040 also repeals the current exemption for transactions involving "numismatic items," except for coins, thereby making the Maryland Secondhand Precious Metal Object Dealers and Pawnbrokers Act apply to those types of transactions. Furthermore, the prohibition against counties or municipal corporations enacting a law to regulate numismatic items is repealed, while the prohibition against regulating coins is retained.

Amateur and Professional Athletic Contestants

The State Athletic Commission within DLLR has regulatory and licensing authority over all boxing, kick boxing, mixed martial arts (MMA), and wrestling contests held in the State, with the exception of some intercollegiate or amateur events. Statutory licensing and other requirements do not apply to amateur boxing, kick boxing, or wrestling conducted under the supervision of a nationally recognized amateur organization. Similarly, the requirements do not apply to amateur MMA conducted under the supervision of an amateur kick boxing organization or MMA organization that meets specified requirements. ***House Bill 351*** ***(Ch. 101)*** authorizes the commission to directly regulate amateur MMA and amateur kick boxing events and license associated contestants and staff. The Act also (1) requires both professional and amateur contestants (in boxing, kick boxing, and MMA contests) to submit to a blood or urine test under specified conditions (generally to enable the commission to detect performance-enhancing drugs) and (2) gives the commission discretion in determining whether to sanction a contestant.

Home Improvement Industry

Senate Bill 66 ***(passed)*** alters the membership of the Maryland Home Improvement Commission (MHIC) by adding an additional consumer member and an additional industry member. On notice from the chairman of MHIC, the Governor is required to remove a member who fails to attend at least two-thirds of MHIC meetings for reasons determined to be unsatisfactory to the Governor. The bill also changes the number of members needed for a quorum or for MHIC to take action to be a majority of the number of members currently serving on the MHIC, rather than a majority of the full authorized membership. Additionally, the requirement that MHIC must meet at least once a month is decreased to at least once every two months.

The bill is intended to improve MHIC's ability to review and process Home Improvement Guaranty Fund claims. Thus, the bill further requires MHIC to report annually by December 1 to the State Education, Health, and Environmental Affairs Committee and the House Economic Matters Committee of the General Assembly (1) the attendance at each commission meeting; (2) the number of claims closed at each meeting; and (3) how many claims remain open at the end of each meeting.

Miscellaneous Legislation

Outdoor Musical Festival Promoter Safety Permits

According to the Department of State Police, there are fewer than three qualifying events per year for which the department issues a safety permit for an outdoor music festival. Moreover, local regulation of outdoor music festivals makes the safety permit requirement unnecessary and duplicative. Therefore, ***House Bill 350*** ***(Ch. 100)*** repeals a requirement that a promoter of outdoor music festivals obtain a safety permit from the Secretary of State Police. Instead, the Act requires that approval of an outdoor music festival be done by a local law enforcement unit and be based on the applicant's ability to provide the same safety arrangements currently required by the department for a safety permit.

Licensure or Registration of Out-of-state Businesses Performing Disaster or Emergency Work

House Bill 1513 ***(passed)*** establishes that, during a declared State disaster or emergency, an out-of-state business that performs disaster or emergency work does not establish a level of presence that would require the out-of-state business or its out-of-state employees to be subject to specified tax obligations or licensing or registration requirements.

Penalties Associated with Returnable Containers and Returnable Textiles

A person may register a class of returnable containers if the person deals in goods delivered in returnable containers that have an identifying name, mark, or device. The improper use, damage, or improper transfer of a registered returnable container, as well as defacing the identifying marks on a registered container, are subject to misdemeanor penalties. ***House Bill 1088*** ***(Ch. 146)*** increases existing penalties for violations of provisions related to returnable containers and textiles. In an action brought under the Act, an owner of a returnable container or returnable textile may recover up to three times the value of the actual damages, plus reasonable attorney's fees.

Determination of the Need for Regulation of Payroll Services

A payroll service company prepares and issues payroll checks; prepares and files state or federal income withholding tax reports or unemployment insurance contribution reports; and collects, holds, and distributes to applicable state and federal tax authorities income withholding taxes or unemployment insurance contributions. Maryland does not maintain a comprehensive list of payroll service companies or have registration, permit, or bonding requirements for these companies. ***Senate Bill 1068*** ***(passed)*** establishes a Commission to Study the Regulation of Payroll Services, which will study issues such as whether other states regulate payroll services. By December 15, 2013, based on its study, the commission must make recommendations to the Senate Finance Committee and House Economic Matters Committee regarding the potential regulation of payroll service companies in Maryland.

Further Deregulation of Employment Agencies

Ten years ago, the General Assembly largely ended Department of Labor and Industry (DLI) regulation of traditional employment agencies while maintaining some consumer protections and requiring the remaining employment agencies to submit a penal bond to the Commissioner of Labor and Industry. There are 43 registered bonds in Maryland, and according to DLI, there have been no complaints against employment agencies since DLI's regulatory role was mostly repealed. ***Senate Bill 305*** ***(passed)*** eliminates the penal bond requirement of $7,000 for employment agencies.

The bill also implements other recommendations of the full sunset evaluation conducted by DLS of DLI and its associated boards and councils, such as extending the termination date of the State Amusement Ride Safety Advisory Board for 10 years to July 1, 2024, and requiring an evaluation of the board by July 1, 2023.

For a more detailed discussion of ***Senate Bill 305***, see the subpart "Labor and Industry" within this Part H – Business and Economic Issues of this *90 Day Report*.

Public Service Companies

Energy and Electricity

Maryland's Renewable Energy Portfolio Standard (RPS) requires that renewable sources generate specified percentages of Maryland's electricity supply each year, increasing to 20%, including 2% from solar power, by 2022. The 2013 session RPS changes included a carve-out for offshore wind energy and a change to qualifying solar technologies. In addition, the General Assembly continued efforts to improve electric service and reliability, added incentives for renewable energy and energy efficiency investments, and created task forces to study electricity procurement and the inclusion of thermal energy in the State RPS.

Offshore Wind Energy

For the third consecutive year, the General Assembly considered legislation proposed by the Administration to develop an offshore wind farm in the waters off the coast of the State. ***House Bill 226*** ***(Ch. 3)*** supports a substantially smaller project than that originally proposed in 2011 – now approximately 200 megawatts. Under the Act, State electricity sales must include an amount derived from offshore wind energy beginning in 2017. The amount will be set by the Public Service Commission (PSC) each year based on the projected annual creation of offshore wind renewable energy credits (ORECs) by qualified offshore wind projects and may not exceed 2.5% of total retail sales. An offshore wind farm of a size consistent with the rate-cost caps in the Act has the potential to produce each year between 5.0% and 8.5% of the renewable energy necessary for RPS compliance.

The Act establishes an application and review process by PSC for proposed offshore wind projects. Among many other conditions, PSC may not approve a plan for a proposed offshore wind project unless the projected maximum rate impacts for both residential and nonresidential electric customers are no more than $1.50 per month for an average residential customer and 1.5% for a nonresidential customer.

Projected Rate Impact: The rate increase is calculated on a per-kilowatt-hour basis, where the projected rate impact, combined with the rate impact of other qualified projects, does not exceed $1.50 per month (in 2012 dollars) for an average residential customer, assuming an average monthly usage of 1,000 kilowatt-hours. However, a particular customer's bill *can* increase by more than $1.50 per month if the customer uses more than 1,000 kilowatt-hours during that period. Similarly, a customer who uses less than 1,000 kilowatt-hours is charged less.

The incremental cost associated with the offshore wind energy carve-out will be absorbed by all electric customers and allocated to different rate classes by PSC. As electric customers, State agencies and the University System of Maryland together used approximately 1.56 million megawatt-hours of electricity in 2012, at a cost of $138.5 million. A rate increase of 1.5% – the maximum projected increase for commercial customers under the Act – increases electricity expenditures by $2.1 million across all State agencies and the university system in fiscal 2018.

Proposed Project Application and Evaluation: In addition to certain siting and interconnection requirements, a proposed offshore wind project must submit an application to PSC for approval to be a qualified offshore wind project. The approval process begins with an initial application process which may commence after PSC adopts implementing regulations by July 1, 2014. An application must include a detailed description and financial analysis of the project and the proposed method of financing the project, including documentation demonstrating that the applicant has applied for all current State and federal grants and other forms of cost offsets or tax advantages. The application must also contain a cost-benefit analysis, which must include, among other things:

- a detailed input-output analysis of the impact of the project on income, employment, wages, and taxes in the State, with an emphasis on in-state manufacturing employment;

- detailed information concerning assumed employment impacts in the State, including expected duration of employment and salaries;
- an analysis of the anticipated environmental benefits, health benefits, and environmental impacts of the project to the citizens of the State; and
- an analysis of any impact on residential, commercial, and industrial ratepayers over the life of the project.

The application also must include a proposed OREC pricing schedule for the project, which must set a price for the generation attributes of the offshore wind energy, including the energy, capacity, ancillary services, and environmental attributes. Further, the application must include a decommissioning plan for the project, a plan for engaging small businesses through June 2016, a commitment to abide by specified minority business requirements, and a commitment to deposit at least $6.0 million into the Maryland Offshore Wind Business Development Fund (described in more detail below) over about two years. Further, the applicant must commit to use best efforts to apply for all current State and federal grants and other forms of cost offsets or tax advantages, and to pass on to ratepayers, without subsequent PSC approval, 80% of the value of any future State and federal grants and other benefits received that are not included in the application.

PSC must evaluate the project on the following criteria, among others:

- lowest cost impact on ratepayers of the price set under a proposed OREC pricing schedule;
- the extent to which the cost-benefit analysis submitted by the applicant demonstrates positive net economic, environmental, and health benefits to the State; and
- siting and project feasibility.

Requirements for Project Approval: PSC must contract the services of independent consultants and experts when calculating the net benefits to the State and in evaluating and comparing applicants' proposed projects. The fiscal 2014 budget includes $1 million for this purpose.

PSC may not approve an application unless (1) the proposed project demonstrates positive net economic, environmental, and health benefits to the State; (2) the projected net rate impact, combined with the rate impact of other qualified projects, does not exceed $1.50 per month for an average residential customer in 2012 dollars, *and* does not exceed 1.5% of nonresidential customers' total annual electric bills, over the duration of the proposed OREC pricing schedule; and (3) the price set in the proposed OREC pricing schedule does not exceed $190 per megawatt-hour in 2012 dollars.

In addition, PSC may not approve an application until the Governor's Office of Minority Affairs, in consultation with the Office of the Attorney General, and the applicant, has established a clear plan for setting minority business goals and related procedures. The Governor's Office of Minority Affairs, in consultation with the Office of the Attorney General, must provide assistance to all potential applicants and potential minority investors.

An order issued by PSC approving a proposed project must (1) specify the OREC price schedule, which may not authorize an OREC price greater than $190 per megawatt-hour in 2012 dollars; (2) specify the duration of the OREC pricing schedule, which cannot exceed 20 years; (3) specify the number of ORECs the project may sell each year; (4) provide that payment may not be made for an OREC until electricity supply is generated by the project, and that ratepayers, purchasers of ORECs, and the State are held harmless for any cost overruns associated with the project; and (5) require that any debt instrument issued in connection with a qualified project include language specifying that the debt instrument does not establish a debt, obligation, or liability of the State. The order vests the owner of the qualified project with the right to receive payments for ORECs according to the terms established in the order.

PSC must also adopt regulations to establish an escrow account to ensure the transparent transfer of ORECs and revenues between an offshore wind generator and electricity suppliers.

Maryland Offshore Wind Business Development Fund and Advisory Committee: The Act establishes a Maryland Offshore Wind Business Development Fund and a Maryland Offshore Wind Business Development Advisory Committee in the Maryland Energy Administration (MEA).

The stated purposes of the fund are to (1) provide financial assistance, business development assistance, and employee training opportunities to emerging businesses in the State, including minority-owned businesses, in order to prepare them to participate in the emerging offshore wind industry; and (2) encourage emerging businesses in the State to participate in the emerging offshore wind industry. MEA may use the fund to carry out the purposes of the fund and for implementation costs. The fund consists of money appropriated by the State, money paid by a qualified offshore wind project, money from federal programs or private contributions, loan repayments, specified proceeds, investment earnings, and any other source. The bill specifies that the fund receives $1.5 million from the Strategic Energy Investment Fund (SEIF) in both fiscal 2014 and 2015 and $1 million in fiscal 2016. The fund also receives $6 million, spread over about two years, from each approved offshore wind project. MEA may contract with specified entities to carry out the purposes of the fund, which is not subject to specified State procurement laws. The fiscal 2014 budget transfers $1.5 million to the fund from SEIF.

The advisory committee, which MEA staffs, must provide written recommendations to MEA by December 31, 2013, and updated recommendations by December 31, 2014, on the most effective use of the money in the fund, including specified information relating to emerging businesses and business activities in the State. The advisory committee terminates after submitting the updated recommendations on December 31, 2014.

The Clean Energy Program Task Force and the Clean Energy Technical Education Task Force: The Act establishes a Clean Energy Program Task Force to study, make recommendations, and report on the feasibility of establishing a terminal degree or certificate program in clean energy at one or more of the following colleges and universities: (1) Bowie State University; (2) Coppin State University; (3) Morgan State University; and (4) the University of Maryland Eastern Shore. In addition, the Act establishes a Clean Energy Technical Education Task Force to study the programs and course offerings in the area of clean energy, with particular emphasis on wind energy, and identify areas in which additional programs and course offerings should be offered at one or more of a list of specified community colleges and similar institutions in the State. Both task forces must report their findings and recommendations to the Governor and the General Assembly by July 31, 2014.

Service Quality and Reliability

A number of serious storms in recent years have caused major outage events in the State. For example, a "derecho" storm on June 29, 2012, severely impacted electric service to a large portion of the State, especially in the BGE and Pepco service territories, which each experienced over 400,000 concurrent customer outages. Due to this and several other major outages, including some that were not storm related, there has been an enhanced focus on improving electric reliability in the State.

PSC adopted regulations to implement 2011 legislation requiring comprehensive service quality and reliability enhancements. The regulations include requiring electric companies to implement vegetation management programs that must address several technical requirements such as tree pruning and removal; vegetation management around poles, substations, and overhead lines; vegetation management along rights-of-way; inspection of vegetation management; public education and notice; and debris management. In order to avoid a patchwork of local policies that might interfere with statewide reliability requirements, ***House Bill 587*** ***(Ch. 122)*** prohibits a local government from adopting or enforcing a local law, rule, or regulation, or taking any other action that interferes with, or materially increases the cost of the work of an electric company toward, compliance with vegetation management standards adopted by PSC.

In order to improve the reliability of electricity service for customers who have been most affected by an electric company's failure to meet those PSC service quality standards, ***House Bill 1152*** ***(failed)*** would have required that the fines paid by the electric company be spend on improving the worst-performing electricity distribution equipment.

The recent major outage events have also highlighted the unique needs of the State's vulnerable populations during a disruption of electric service. ***House Bill 1159*** ***(passed)*** requires the Secretary of Health and Mental Hygiene, by January 1 of each year, to (1) establish and provide a list of "special medical needs facilities" to each electric company for its service territory; (2) post the list on the Department of Health and Mental Hygiene's website; and (3) establish a procedure to allow a special medical needs facility to remove its information from the list. The bill also requires each electric company to submit specified information related to special medical needs facilities in its annual performance report to PSC. In addition, the bill expands the scope of an existing PSC workgroup, and PSC must report to the General Assembly by December 1, 2013, on specified findings and recommendations related to electric service to special medical needs facilities.

Solar Energy

According to testimony, the markets for solar renewable energy credits in some states have been vulnerable to price fluctuations due to proposals for large-scale solar photovoltaic (PV) systems that may or may not end up being installed. In order to dampen the opportunity for speculation, ***Senate Bill 887*** (***passed)*** requires a person who constructs a generating station that produces electricity from a solar PV system that does not need a certificate of public convenience and necessity to file an application for approval to construct the generating station with PSC at least six months before construction commences. A person who files an application for approval to construct a solar PV system must pay a deposit of 1% of the total installed costs of the project to an escrow account held by PSC. PSC must refund the deposit, less reasonable administrative costs, of a person who demonstrates to PSC that the person is fully authorized to commence construction within 18 months after filing an application. If the person does not commence construction within 18 months, unless granted an extension by PSC, the money is considered abandoned and is transferred to SEIF.

Senate Bill 1064/***House Bill 1534*** ***(both passed)*** expand the definition of "solar water heating system" for the purpose of compliance with the State's RPS to include concentrating solar thermal collectors as defined and certified to the OG-100 standard of the Solar Ratings and Certification Corporation. Concentrating solar collectors use reflective surfaces such as mirrors, advanced polymers, or polished aluminum to concentrate solar thermal energy (heat) onto tubes circulating water, oil, or another liquid heat transfer medium to create hot water or steam.

Thermal Energy

Senate Bill 797/***House Bill 1084*** ***(both passed)*** establish a Maryland Thermal Renewable Energy Task Force to study and make recommendations on the incorporation of thermal energy into the State's RPS. MEA must staff the task force, which must report its findings and recommendations to the Governor and the General Assembly by December 31, 2013.

Under ***Senate Bill 684***/***House Bill 1102*** ***(both failed)***, renewable energy credits derived from biomass used as a co-fuel in certain industrial processes and generating facilities (known as black liquor) would have been phased out of the Tier 1 renewable energy portfolio standard over time, with assistance to be provided to help specified affected Maryland industries.

Energy Efficiency

The up-front costs of installing renewable energy or energy efficiency measures can be a barrier against a consumer's willingness or ability to purchase these measures. In a recent Order (No. 84569) relating to electric companies' implementation of programs under the State's EmPower Maryland law (which targets reductions in electricity consumption and peak demand), PSC stated that "access to financing is critical for many consumers who must invest thousands of dollars to achieve significant energy savings in their homes and businesses."

House Bill 621 ***(passed)*** authorizes MEA to create a Regulated Sustainable Energy Contract Program. Under the program, qualified contractors provide residential renewable energy installations and residential energy efficiency measures to residential property owners under regulated sustainable energy contracts of up to $30,000 that are recorded in land records and enforceable by imposition of a lien on the property. MEA must perform a feasibility study before developing and implementing the program and may develop and implement a test or pilot program. MEA must report to the General Assembly on its progress in carrying out the requirements of the bill by December 31, 2013.

A program implemented by PSC under ***House Bill 1173*** ***(failed)*** would have provided for on-bill financing of energy efficiency upgrades for small commercial customers using advances and third-party loans.

Electricity Generation and Procurement

To ensure a sufficient supply of electricity in the State for standard offer service (SOS), PSC has statutory authority to require or allow investor-owned electric companies to construct, acquire, or lease and operate their own generating and transmission facilities, subject to appropriate cost recovery. In addition, an electric company participating in SOS must obtain its electricity supply through a competitive process that is designed to obtain the best price in light of market conditions and the need to protect customers from excessive price increases. The process must include a series of competitive wholesale bids in which the electric company solicits offers for its SOS load as part of a portfolio of blended wholesale supply contracts of short, medium, and long terms as needed to meet demand in a cost-effective manner.

House Bill 1055 ***(passed)*** requires the Maryland Department of Transportation, the Governor's Office of Minority Affairs, and PSC, in consultation with the Office of the Attorney General, to evaluate the feasibility and legality of whether requiring PSC to apply the State's minority business enterprise requirements when exercising its authority to require or allow investor-owned electric companies to own generating and transmission facilities would be feasible and in compliance with the requirements of the *Croson* decision and any subsequent federal or constitutional requirements. Generally, for a minority set-aside program to be constitutional, the *Croson* decision requires that the need for remedial action against discrimination in the relevant market is identified and that other nondiscriminatory remedies would be insufficient. The agencies must report their findings and recommendations to the General Assembly by December 1, 2013.

House Bill 1145 ***(passed)*** establishes a Task Force to Study Energy Generation in Prince George's County. The task force must study the extent to which energy generation within the county is able to meet the county's current and projected energy needs and make related recommendations. The Prince George's County government must provide staff for the task force, which must report its findings and recommendations to the General Assembly, the Prince George's County Senators, the Prince George's County Delegation, the Prince George's County Executive, and the Prince George's County Council by December 31, 2013.

Gas Service

Infrastructure Replacement Surcharge

PSC regulates gas distribution companies, including monitoring retail competition and customer choice, to ensure that safe, reliable, and affordable gas service is provided. Rates charged by a gas distribution company are specified in the company's tariff and are approved through PSC order. Through the ratemaking process, a gas distribution company is allowed to charge just and reasonable rates for the regulated services it renders. If a gas distribution company incurs a cost to upgrade natural gas infrastructure and the company seeks to recover those costs, it is done through a base rate proceeding.

From 2009 through 2012, PSC declined to authorize at least five requests for surcharge mechanisms (or "trackers") by public service companies, including for gas infrastructure cost recovery. In contrast to those decisions, according to a 2012 report by the American Gas Association, as of March 2012, 19 states had full (as opposed to partial) infrastructure cost recovery mechanisms for gas companies.

Senate Bill 8 ***(passed)*** authorizes gas companies to file a plan with PSC requesting authorization to include a surcharge on customers' bills to recover specified costs associated with proposed eligible infrastructure replacement projects. The bill establishes a limit for the surcharge that may be imposed of $2 per month for each residential gas customer. The surcharge for a nonresidential customer must not be less than the fixed annual surcharge applicable to a residential customer account but also must be capped. To create a surcharge cap for all customer classes, costs must be allocated to nonresidential and residential customers consistent with the proportions of total distribution revenues that those classes bear in accordance with the most recent base rate proceeding for the gas company. Gas companies only recover a portion (carrying costs) of the total costs of eligible infrastructure replacement projects. The gas company recovers the remaining costs as depreciation costs in its rate base over at least 30 years.

PSC may approve a plan if it finds that the investments and estimated costs of eligible infrastructure replacement projects are reasonable and prudent and designed to improve public safety or infrastructure reliability over the short and long term. The surcharge applies for five years from the date of initial implementation of an approved plan. Unless a plan is filed in conjunction with a base rate case, PSC may not consider any unrelated revenue requirement or ratemaking issue when reviewing a plan for approval or denial. Any adjustments for return on equity based on an approved plan must only be considered and determined in a subsequently filed base rate case.

A gas company must file a reconciliation to an approved plan with PSC each year to adjust the amount of the surcharge in order to account for any difference between the actual cost of a plan and the actual amount recovered under the surcharge. A gas company must provide a refund on customers' bills, including interest, if the actual cost of a plan is less than the amount collected under the surcharge. If PSC establishes new base rates for a gas company that include costs on which a surcharge is based, the gas company must file a revised rate schedule with PSC that subtracts those costs from the surcharge.

Gas Transmission Pipeline Safety

Natural gas transmission pipelines are high-pressure pipes designed to move large volumes of natural gas across long distances. In general, natural gas is brought into the State through the *interstate* transmission system and then allocated as needed through the *intrastate* natural gas distribution systems of the State's gas companies for customer use. These interstate natural gas transmission pipelines are under federal regulatory authority. However, three gas companies operate intrastate gas transmission systems that transport natural gas from the interstate transmission system to their franchised distribution systems: BGE, Washington Gas Light Company, and Columbia Gas of Maryland.

***Senate Bill 863*/*House Bill 1124* (both passed)** require PSC, by December 1, 2013, to (1) evaluate the process and criteria that the U.S. Secretary of Transportation would use to review an application for certification or agreement with the Secretary under federal law with respect to interstate pipelines located within the State; and (2) determine whether it is in the public interest to apply for that certification or agreement. PSC must apply for certification or agreement with the Secretary by January 1, 2014, if PSC determines that it is in the public interest for the commission to act for the Secretary. If the commission enters into a certification or agreement with the Secretary, the commission, in accordance with federal regulations, must make periodic inspections of interstate pipelines and report to the U.S. Department of Transportation. The commission may charge the owner of an interstate pipeline a fee to recover inspection costs. On completion of the evaluation and determination required under the bill, PSC must report to the Governor and the General Assembly on its findings and conclusions.

Telephone Service

In May 2011, Verizon Maryland filed a revised tariff page that, if it went into effect, would have decreased the number of free residential directory assistance calls included as part of Verizon's local service offerings from four calls per month to two calls per month. In November 2011, PSC issued a proposed order that denied Verizon's proposed tariff revision, which Verizon appealed. However, on March 2012, in Order No. 84727, PSC denied the appeal and thus the request to reduce the free residential directory assistance call allowance from four calls per month to two. ***Senate Bill 142*/*House Bill 124* (both passed)** require PSC to authorize telephone company charges to be levied for directory assistance calls made after the first two calls made to directory assistance from each residence per month, except on an individual who suffers from a physical or visual disability that precludes the use of a telephone directory.

Tenant Utility Services

For the second consecutive year, the legislature considered the process of establishing a fair and reasonable framework for maintaining utility service to rental property when a landlord defaults on utility payments. Partially the result of a workgroup convened by PSC in the 2012 interim, ***Senate Bill 849*/*House Bill 1090* (both passed)** authorize the tenant of an "affected dwelling unit" to have utility service restored or to prevent termination of utility service when the landlord responsible for utility payments defaults. A tenant may apply for a new utility service account for the affected dwelling unit in the tenant's name. A tenant may deduct the amount of payments made to a utility service provider from the rent due to the landlord under specified conditions. A tenant's right to deduct these payments cannot be waived in any lease.

Insurance – Other Than Health

Property and Casualty Insurance Bundling

***Senate Bill 446*/*House Bill 342* (both passed)** prohibit an insurer from denying, refusing to renew, or canceling homeowner's insurance or renter's insurance coverage for an applicant or a policyholder solely because the applicant or policyholder does not carry private passenger motor vehicle insurance with the insurer or another insurer in the same insurance holding company system. Similarly, the bills prohibit an insurer from denying, refusing to renew, or canceling private passenger motor vehicle insurance coverage solely because the applicant or policyholder does not carry homeowner's insurance or renter's insurance coverage with the insurer or another insurer in the same insurance holding company system.

The bills do not prohibit an applicant or a policyholder from bundling homeowner's insurance or renter's insurance and private passenger motor vehicle insurance policies if the applicant or policyholder desires to do so. Additionally, an insurer may offer discounts or other incentives to applicants or policyholders who choose to bundle homeowner's insurance or renter's insurance and private passenger motor vehicle insurance policies.

Acceptance of MAIF Premium Payments on Installment Basis and Premium Finance Agreements

Maryland Automobile Insurance Fund Installment Payment Plan

***Senate Bill 930* (passed)** authorizes the Maryland Automobile Insurance Fund (MAIF) to accept premiums on an installment payment basis on 12-month personal lines policies if specified requirements are met and the Maryland Insurance Commissioner approves. When considering whether to approve MAIF's installment payment plan, the Commissioner must ensure that the plan:

- for a total annual premium of less than $3,000, requires an insured's initial premium payment to be at least 25% of the total annual premium and offers no more than six installment payments on the 12-month policy;

- for a total annual premium of $3,000 or more, requires an insured's initial premium payment to be at least 20% of the total annual premium and offers no more than eight installment payments on the 12-month policy; and

- allows MAIF to impose an administrative processing fee of up to $8 per installment payment.

MAIF is prohibited from discriminating among insureds by charging different premiums based on the payment option selected by an insured. In determining commissions paid to a fund producer, MAIF may not consider whether the fund producer placed an insured in an installment payment plan. Any written and electronic communications, including MAIF's website, affecting the placement of coverage by MAIF or a fund producer must include a statement advising an applicant or an insured of the payment options available to the applicant or insured. The bill also authorizes MAIF add-on coverage to include motor club services.

The Executive Director of MAIF, in consultation with the Commissioner and appropriate State agencies, is required under the bill to develop criteria for evaluating the effectiveness and impact of MAIF's installment payment plan, considering the plan's impact on the (1) cost of automobile insurance for MAIF insureds; (2) the number of insured and uninsured motorists in the State; (3) the number of MAIF policies in force by geographic area; (4) the duration of MAIF policies in force; and (5) the frequency of payment methods used by MAIF insureds, including MAIF's installment payment plan, premium finance agreements, and cash and credit card payments.

MAIF must prepare a report on the effectiveness and impact of the installment payment plan for the prior year and, on or before October 1, 2015, submit the report to the Commissioner, who must submit a report on the effectiveness and impact of the installment payment plan to the Senate Finance Committee and the House Economic Matters Committee on or before December 31, 2015.

Premium Financing

Senate Bill 930 makes numerous changes to the law's governing premium financing, including changes relating to premium financing agreements, financing charges, cancellation charges, and electronic payment fees, motor club service contracts, and the assignment of rights and obligations under a premium finance agreement.

Premium Financing Agreements: The bill adds notification requirements in a premium finance agreement, including a notification about the calculation of finance charges, and authorizes a premium finance company to enter into a premium finance agreement that includes the costs of a motor club service contract.

Finance Charges: Under the bill, a finance charge under a premium finance agreement must be computed in an amount not exceeding the sum of 1.15% for each 30 days of the loan, computed in advance. An insured must receive a refund of a finance charge if the insurance contract is cancelled or the insured prepays the loan in full at any time. If the insured receives a refund, the amount of the refund may be calculated using the actuarial method. The bill authorizes the premium finance company to earn the finance charge on the first day of each 30-day period. The bill imposes additional restrictions on the imposition of a finance charge in connection with a commercial automobile, fire, or liability insurance policy. A premium finance company is prohibited from using the Rule of 78s to compute a finance charge.

Cancellation Charges and Electronic Payment Fees: The bill authorizes a premium finance agreement to impose a cancellation charge on or after the effective date stated in the notice of cancellation or on or after the cancellation effective date stated in the notice of intent to cancel. The bill increases the amount of a possible cancellation charge for private passenger automobile or personal fire or liability insurance by an additional dollar for each calendar year after 2014, increasing from $15 in calendar 2014, to $20 in calendar 2019 and each subsequent year.

A premium finance company also is authorized to charge an electronic payment fee if the insured elects to pay by electronic check.

Motor Club Service Contracts: Under ***Senate Bill 930***, a premium finance company may not impose a finance charge or any other charge on any payment for the purchase price of a motor club service contract. A premium finance company is prohibited from canceling an insurance contract if any payment under the premium finance agreement (1) is sufficient to pay the installment due under the agreement that is related to the insurance contract obligation but (2) is not sufficient to cover the amount of the monthly payment for the motor club service contract.

The bill requires an insurance producer, or an employee or agent of the insurance producer, who directly or indirectly has an ownership interest in a motor club to provide a disclosure to be signed by the insured informing the insured of any interest the insurance producer, employee, or agent has in the motor club.

Assignment of Rights and Obligations: For private passenger motor vehicle insurance and personal insurance, the bill authorizes a premium finance company to (1) assign all rights and obligations under a premium finance agreement to another premium finance company registered with the State or (2) pledge a premium finance agreement as collateral for a loan.

For commercial automobile, fire, or liability insurance, the bill authorizes a premium finance company to (1) assign all rights and obligations under a premium finance agreement to another person if the premium finance agreement expressly confers the right to assign all rights and obligations under the premium finance agreement or (2) pledge a premium finance agreement as collateral for a loan. If the premium finance company assigns rights and obligations, it must retain the obligation to service the premium finance agreement or assign the obligation to another finance company registered with the State.

If a premium finance company assigns obligations to service a premium finance agreement, the insured must receive specified notice. The provisions of the bill on assignment of rights and obligations terminate on June 30, 2015.

The Maryland Insurance Administration (MIA) is required to keep track of complaints received from consumers who have had all rights and obligations assigned under premium finance agreements for commercial automobile, fire, or liability insurance and to report any findings and recommendations to the Senate Finance Committee and the House Economic Matters Committee on or before December 31, 2014.

Homeowner's Insurance

Anti-concurrent Causation Clauses

An anti-concurrent causation (ACC) clause in a homeowner's insurance policy states that a loss caused by a combination of covered and noncovered events will not be covered. An ACC clause may apply to sequential-cause situations and concurrent-cause situations.

In a sequential-cause situation, one event is a proximate cause of another event that causes a loss. For example, when Hurricane Sandy struck New York City in October 2012, a fire destroyed 110 homes in a Queens neighborhood. It was unclear whether this fire was caused by flooding, for which the majority of homeowners in New York flood areas did not have coverage, or wind, a standard risk included in most policies. If flooding is deemed to be the proximate cause of the fire, any fire damage may not be covered by a homeowner's insurance policy with an ACC provision.

In a concurrent-cause situation, two or more causes of a loss happen simultaneously to produce the same injury or damage. If one of these causes is not covered by a policy with an ACC provision, the loss will be excluded. A common example is damage caused by both wind and flood in a storm.

ACC clauses have been present in homeowner's insurance policies for several years but only recently have been used with regularity. For example, according to MIA, no ACC clause was invoked after Tropical Storm Isabel; however, since Hurricane Katrina, ACC clauses have been invoked with regularity. Legislation proposed in Mississippi to prohibit ACC clauses failed in both 2011 and 2012.

House Bill 695 (passed) requires an insurer that issues a policy of homeowner's insurance in the State that contains an ACC clause to provide a policyholder each year with a specified notice. The required notice must (1) be clear and specific; (2) describe the ACC clause; (3) inform the insured to read the policy for complete information on the exclusions; and (4) state that the insured should communicate with the insurance producer or the insurer for additional information regarding the scope of the exclusions. The notice is not part of the policy or contract and does not create a private right of action.

The bill also requires the House Economic Matters Committee and the Senate Finance Committee to conduct a specified study on the handling by insurers and the National Flood Insurance Program of property insurance claims in cases where there are two or more factors that could affect or cause the loss. The committees must issue a final report on the study on or before December 31, 2013.

While the bill takes effect June 1, 2013, the provisions relating to the required notice apply prospectively to any homeowner's insurance policy issued, delivered, or renewed in the State on or after January 1, 2014.

Policy Exclusions for Specific Breeds or Mixed Breeds of Dogs

According to MIA, 9 of the 10 homeowner's insurers with the highest premium volume in Maryland do not underwrite coverage for risks with a "dangerous dog" on the premises. An insurer may define a "dangerous dog" as one (1) with a bite or attack history; (2) that has been trained as an attack, guard, personal protection, or fighting dog; or (3) that has caused an injury for which an insurer has paid a claim. As of June 2012, MIA had received, since 2009, three complaints regarding either the cancellation or nonrenewal of a policy due to a dog bite claim and another seven complaints regarding the denial of a claim, binder cancellation, refusal to underwrite, or cancellation or nonrenewal of a policy due to a possession of a restricted breed.

House Bill 1203 ***(passed)*** applies to an insurer that offers a homeowner's insurance or renter's insurance policy in the State that excludes coverage for losses caused by specific breeds or specific mixed breeds of dogs. The bill requires the insurer, at the time of application for or issuance of a policy of homeowner's insurance or renter's insurance, and at each renewal, to provide to an applicant or insured a written notice that (1) states that the policy does not provide coverage for losses caused by specific breeds or specific mixed breeds of dogs and (2) identifies the specific breeds or specific mixed breeds of dogs for which the policy does not provide coverage. The insurer may provide this notice in its annual statement to policyholders.

The bill applies to homeowner's or renter's insurance policies issued, delivered, or renewed in the State on or after January 1, 2014.

Motor Vehicle Insurance

Personal Injury Protection Coverage

Unless waived by the first named insured, an insurer that issues a policy of motor vehicle liability insurance in the State is required to provide personal injury protection (PIP) coverage for individuals injured in a motor vehicle accident. The minimum medical, hospital, and disability benefits under PIP coverage include up to $2,500 for payment of all reasonable and necessary expenses that arise from a motor vehicle accident and are incurred within three years after the accident for specified services and lost income. PIP coverage is payable regardless of who is at fault in an accident. Under current law, an insurer that issues a motor vehicle liability insurance policy that contains PIP coverage is prohibited from imposing a surcharge or retiering the policy for a claim or payment under that coverage.

House Bill 392 ***(Ch. 111)*** prohibits an insurer that issues a motor vehicle liability insurance policy that contains PIP coverage from increasing the premium on the policy due to a claim or payment made under the PIP coverage. "Increase the premium" is defined to include an increase in the total premium for a policy due to a surcharge, a retiering or other reclassification of a policy, or the removal or reduction of a discount. The insurer is required to provide the policyholder with written notice of this prohibition. By prohibiting an insurer from increasing the premium on a motor vehicle liability insurance policy because a claim or payment has been made under the PIP coverage, the Act prevents a consumer from being penalized for making a claim under no-fault coverage.

Maryland Automobile Insurance Fund

The Task Force to Study Maryland Insurance Programs of Last Resort was established by Chapter 408 of 2012 to study, among other issues, potential benefits to the State from the affiliation of one or more of the State-created insurers of last resort, including the Maryland Automobile Insurance Fund (MAIF), the Injured Workers' Insurance Fund (IWIF) (which was converted to the Chesapeake Employers Insurers' Company (CEIC) under Chapter 570 of 2012, effective October 1, 2013), the Maryland Health Insurance Plan, and the Joint Insurance Association. During a November 2012 meeting, MAIF presented various operational differences between itself and IWIF which, if changed, would align MAIF more closely with IWIF, potentially easing any affiliation between the two insurers of last resort. In January 2013, the task force recommended to the General Assembly that many of the operational changes be made.

As recommended by the task force, ***Senate Bill 749*/*House Bill 1132* (Chs. 73 and 74)** make numerous operational changes to MAIF intended, in part, to align MAIF more closely with IWIF/CEIC.

For consistency with the IWIF/CEIC board, the Acts (1) decrease from 13 to 9 the number of members of the MAIF Board of Trustees; (2) require the Governor to appoint all 9 members of the MAIF Board with the advice and consent of the Senate; (3) require each MAIF board member to be a resident of the State; (4) increase from 4 to 5 the number of years in a MAIF board member's term; (5) place a cap of two full terms or a total of 10 years on the amount of time a MAIF board member may serve; and (6) provide that the terms of the MAIF board members are staggered.

The Acts also alter the manner in which the MAIF Executive Director is appointed. The MAIF Board is required to employ attorneys to advise and represent MAIF in all legal matters and, where necessary, to sue or defend suits in the name of MAIF; therefore, MAIF is no longer represented by the Office of the Attorney General. The Acts generally remove MAIF employees from the State Personnel Management System. MAIF employees, however, remain State employees included in the State health and pension systems. The executive director is required to appoint and remove MAIF employees in accordance with the policies of the MAIF Board.

The Acts repeal the authorization for the Office of Legislative Audits to conduct fiscal and compliance audits. Instead, an audit committee, composed of members of the board and the executive director, must require MAIF's internal auditor to conduct fiscal compliance and fiscal audits of the accounts and transactions of MAIF each year. A fiscal compliance audit must (1) examine financial transactions and records and internal controls; (2) evaluate compliance with applicable laws and regulations; and (3) examine electronic data processing operations. Finally, the Acts alter the provisions of State law to which MAIF is subject to be more consistent with the laws governing IWIF/CEIC.

Portable Electronics Insurance

Senate Bill 682 ***(passed)*** prohibits a portable electronics vendor, or an authorized representative of the vendor, from using the sale of portable electronics insurance as the sole basis for an employee's compensation. This provision terminates after four years at the end of September 30, 2017. The bill also alters the disclosures required to be provided to customers by a licensed vendor at each location where a portable electronics insurance policy is offered or sold. Under the bill, the vendor must disclose the key terms and conditions of coverage rather than the major features of any exclusions, conditions, or other limitation of coverage.

The bill also requires the Commissioner to (1) review the laws and practices of other states relating to the offering of limited lines insurance; (2) review the National Association of Insurance Commissioners' (NAIC) guidelines and standards for the sale of limited lines insurance; (3) determine the appropriate regulatory structure for the sale of limited lines insurance; and (4) report any findings and recommendations to the Senate Finance Committee and the House Economic Matters Committee by December 1, 2013. In addition, the Commissioner is required to keep track of complaints from customers regarding the sales practices of vendor employees at point of sale, determine how vendor employees should be compensated, and report any findings and recommendations on or before January 1, 2017.

Regulation of Insurers – NAIC Model Acts

Maryland Insurance Acquisitions Disclosure and Control Act

MIA advises that the Maryland Insurance Acquisitions Disclosure and Control Act (Title 7 of the Insurance Article) is one of the cornerstones of insurance regulation. Regulatory controls included in the statute, such as ensuring that a person proposing to acquire control of an insurer is fit to do so and ensuring that transactions between insurers and affiliates are fair and reasonable, are designed to address the causes of insurer solvency failures. The statute is based on NAIC model language and, therefore, includes safeguards similar to those in other states.

To adopt the most recent NAIC model revisions and ensure that Maryland has the latest regulatory tools in place, ***House Bill 431*** ***(Ch. 115)*** makes various changes to the Maryland statute. These changes include:

- requiring a person seeking to acquire control of a domestic insurer, rather than the insurer, to file a preacquisition notification and a statement regarding the acquisition with the Commissioner;
- requiring prior notice of a proposed divesture of control of a domestic insurer by a controlling person to be filed with the Commissioner;
- requiring a person seeking to acquire control of a domestic insurer to agree to provide the Commissioner with an annual enterprise risk report and any information necessary for the Commissioner to evaluate the insurer's enterprise risk;

- requiring an insurer that is a member of an insurance holding company system to file statements that the insurer's board of directors oversees corporate governance and internal controls and the insurer's officers or senior management have approved, implemented, and continue to maintain and monitor appropriate procedures;

- beginning in 2015, requiring the ultimate controlling person of an insurer that is a member of an insurance holding company system to file with the Commissioner an annual enterprise risk report identifying material risks within the holding company system that could pose enterprise risk to the insurer;

- setting the amount of time before a disclaimer of affiliation with domestic insurers becomes effective at 60 days after the time of filing if not disallowed by the Commissioner;

- authorizing the Commissioner to specify provisions, by regulation, that must be included in management agreements, service contracts, tax allocation agreements, or cost-sharing agreements; and

- increasing and establishing fines and penalties for a violation of specified provisions of the Act.

The Act also (1) authorizes the Commissioner to participate in supervisory colleges, which are meetings of state, federal, and international regulatory agencies supervising insurers or their affiliates; (2) enumerates the powers the Commissioner holds with respect to the supervisory college; and (3) requires insurers to be responsible for reimbursement of reasonable expenses for the Commissioner's participation.

Ceding Insurers and Reinsurance

Generally, an insurer may reinsure all or part of a particular risk. ***Senate Bill 777/House Bill 1166*** ***(both passed)*** make numerous changes to the Maryland insurance laws governing reinsurance (Title 5, Subtitle 9 of the Insurance Article). These changes, which are consistent with the 2011 amendments to NAIC Model Law on Credit for Reinsurance include:

- altering the requirements for a ceding insurer to be allowed credit for reinsurance;

- establishing requirements for the certification of assuming insurers domiciled in qualified jurisdictions and designation of qualified jurisdictions;

- establishing security and trust requirements for reinsured obligations and the handling of trusteed surplus; and

- authorizing the Commissioner to take corrective and disciplinary actions under the circumstances specified in the bills.

Risk-based Capital Standards

The Risk Based Capital for Insurers Model Act is a model law developed by NAIC. MIA advises that NAIC recently updated its model, and ***House Bill 724*** ***(passed)*** reflects those updates as they relate to fraternal benefit societies and company action level event criteria.

House Bill 724 requires that a fraternal benefit society meet specified risk-based capital requirements and be subject to both a company action level event and a mandatory control level event. The bill also raises the minimum level of total adjusted capital that triggers a company action level event for a life insurer or fraternal benefit society.

Study of Captive Insurers

Captive insurance, a type of alternative risk financing, is insurance or reinsurance provided by a company that is formed primarily to cover the assets and risks of its parent company. Generally, it is an "in-house" insurance company owned by the insured with a limited purpose and is not available to the public. The captive insurance may cover several types of risks, including product liability, physical property damage, and professional indemnity.

Captive insurers are not allowed to domicile in Maryland. However, more than 30 states and the District of Columbia allow captives, with Vermont, Hawaii, Utah, South Carolina, and the District of Columbia having the most domiciled captives.

House Bill 1205 ***(passed)*** requires MIA to examine methods to establish and properly regulate a captive insurer industry in the State.

Among the issues that MIA must study are:

- the models of regulation of captive insurance industries in other states;
- the potential benefits of hosting a captive insurance industry in the State;
- the impact on the State and the domestic insurance industry; and
- the need for different or additional consumer protections and financial controls for customers of captive insurers.

The bill authorizes MIA to hire an outside consultant to assist in the study and requires MIA to report its findings and recommendations to the Governor, the Senate Finance Committee, and the House Economic Matters Committee by December 31, 2013.

Insurance Producers

Generally, a licensed insurance producer must successfully complete 24 credit hours of continuing education each renewal period. A licensed insurance producer with a specified amount of experience may only be required to complete eight hours per renewal period.

Continuing education courses are submitted to the Commissioner for approval or disapproval. By regulation, a licensed insurance producer is prohibited from obtaining more than one-half of the required credit hours from approved correspondence courses unless the insurance producer is unable to attend physical classroom courses due to a physical handicap or other medical condition.

House Bill 537 ***(passed)*** prohibits the Commissioner from disapproving a continuing education course for insurance producers solely on the basis of the methodology or technology used to deliver instruction to individuals taking the course. The bill also authorizes all insurance producers required to meet continuing education requirements for renewal of their licenses to obtain all or part of the required continuing education credits through correspondence courses or online courses approved by the Commissioner.

Fraudulent Insurance Acts

Senate Bill 736 ***(passed)*** prohibits a contractor who offers home repair or remodeling services for damages to a private residence caused by weather from directly or indirectly paying or otherwise compensating an insured, or offering or promising to pay or compensate an insured, with the intent to defraud an insurer, for any part of the insured's deductible under the property or casualty insurance policy, if payment for the services will be made from the proceeds of the policy. A violation of the bill is a fraudulent insurance act, subject to criminal penalties.

Paying, or offering to pay, an insured's deductible is considered insurance fraud in several states. In Missouri, a residential contractor may not promise to pay any part of an insurance deductible as an inducement to the sale of goods or services. Illinois bars home repair and remodeling contractors from the same actions. A Colorado law passed in 2012 prohibits a roofing contractor from paying, waiving, rebating, or offering to pay, waive, or rebate an insurance deductible for a property owner.

Horse Racing and Gambling

Horse Racing

Wagering – Special Takeout

Senate Bill 961 ***(Ch. 78)*** authorizes a racetrack licensee to offer specific wagers under regulations adopted by the State Racing Commission, and from these wagers, a licensee is required to deduct specified amounts from the handle. A licensee is authorized to offer these wagers only with the consent of (1) the State Racing Commission; (2) the group that represents a majority of the owners and trainers licensed in the State; and (3) the group that represents a majority of breeders in the State.

Video Lottery Terminals and Table Games

Allegany County Licensee – Capital Improvement Requirements

Senate Bill 917 ***(passed)*** eliminates the requirement that, after the first year of operations and through the tenth year of operations, the video lottery facility licensee in Allegany County spend 0.5% of its video lottery terminal (VLT) proceeds on capital improvements at the video lottery facility.

Table Game Proceeds – Promotional Play

Under current law, money that is given away by a video lottery operation licensee as free promotional play for VLTs may be excluded from the statutory definition of proceeds. ***Senate Bill 905***/***House Bill 1155*** ***(both passed)*** expand this exclusion to cover free promotional play at a table game.

Term of Licenses

Under current law, except for a video lottery operation license, VLT licenses generally have a term of three years. Under ***House Bill 752*** ***(Ch. 137)***, the term of these licenses is extended from three to five years. This includes a person licensed as a manufacturer; a person who manages, operates, supplies, provides security for, or provides service, maintenance, or repairs for VLTs or table games; and a video lottery employee.

Crimes of Moral Turpitude or Gambling

Current law specifies eight conditions that automatically disqualify an applicant from receiving a video lottery employee license. Among the reasons an applicant must be disqualified is a conviction for any crime involving moral turpitude or gambling under the laws of the United States or any state at any time. ***Senate Bill 282***/***House Bill 1053*** ***(Chs. 40 and 41)*** alter this requirement so that an applicant must be disqualified for a license if the applicant has had a conviction or is on active parole or probation for any crime involving moral turpitude or gambling within the prior seven years.

Baltimore City Licensee – Employee Data Collection

House Bill 1059 ***(passed)*** requires the Baltimore City video lottery operation licensee, within 30 days after the completion of its first year of operations, to submit data on the age, sex, race, and county of residence of its employees living and working in the State during the previous year to the State Lottery and Gaming Control Commission.

Baltimore City – Distribution of Local Impact Grants

House Bill 1020 ***(Ch. 143)*** alters the distribution of the local impact grants from the proceeds of VLTs provided to Baltimore City for the geographic areas in proximity to the Pimlico Race Course.

Local Gambling

Dorchester County

Senate Bill 6/House Bill 69 ***(Chs. 6 and 7)*** repeal the prohibition for qualified organizations in Dorchester County on holding an authorized game or carnival on a Sunday.

Frederick County

Senate Bill 315/House Bill 414 ***(both passed)*** repeal a limitation on the number of raffles per year that certain organizations in Frederick County may conduct and, instead, allow the county commissioners to determine the number of raffles an organization may hold in a single calendar year.

Montgomery County

House Bill 646 ***(passed)*** adds Montgomery County to the list of counties in which the State Lottery and Gaming Control Agency may issue qualifying veterans' organizations a license for up to five instant ticket lottery (pull tab) machines.

Washington County

Senate Bill 535 ***(passed)*** alters the definition of an amusement device in Washington County to include a game activated by not only coins or tokens, but also by other objects or consideration of value. The bill also alters the definition of gross profits that are generated from tip jars by deducting the cost of a gaming sticker and repeals the $45 limit on the maximum amount of gross profits that can be retained from each tip jar game.

Economic Development

Business Development

Military Personnel and Service-Disabled Veterans No-Interest Loan Program

The Military Personnel and Service-Disabled Veterans No-Interest Loan Program was created to assist military reservists and National Guard personnel called to active duty, service-disabled veterans, and businesses that employ or are owned by such individuals. The program is administered by the Department of Business and Economic Development (DBED) in consultation with the Maryland Department of Veterans Affairs (MDVA). Loans under the program are made for the purpose of (1) providing financial support to a business owned by a military reservist or National Guard member called to active duty or a small business that employs them; (2) making the home, motor vehicle, or place of employment of a service-disabled veteran accessible to individuals with disabilities; and (3) defraying other specified costs for a service-disabled veteran, a business that employs a service-disabled veteran, or a business owned by a service-disabled veteran.

House Bill 356 ***(Ch. 105)*** renames the program the Military Personnel and Veteran-Owned Small Business No-Interest Loan Program and expands the program to include all veteran-owned small businesses in the State. A veteran-owned small business is a small business that is at least 51% owned by a veteran, as defined in federal law. Eligible loans under the program are expanded to include (1) making the home, motor vehicle, or place of employment of a veteran (rather than only a service-disabled veteran) accessible to individuals with disabilities; or (2) defraying other necessary expenses, as determined by MDVA, incurred by a veteran-owned small business. Loans may also be made to enable a service-disabled veteran to operate a business.

Enterprise Fund and Invest Maryland Program

Chapter 409 of 2011 established the Invest Maryland Program, a State-supported venture capital program, and increased funding for the Enterprise Fund and the Maryland Small Business Development Financing Authority within DBED. Funding for the program is provided through tax credits against the insurance premium tax for insurance companies that make qualified contributions to the program. DBED, in consultation with the Maryland Venture Firm Authority, provides funds to private venture firms for the purpose of making investments to support the operations of qualifying companies. After venture firms receive these State funds, certain restrictions are placed on the use of these funds, which are designated as qualified and nonqualified distributions.

Senate Bill 70 ***(passed)*** makes several changes to the Enterprise Fund and the Invest Maryland Program by (1) altering the permissible uses and allocation of funds received by venture firms; (2) allowing DBED to acquire greater ownership interests; (3) clarifying insurance company restrictions related to ownership of venture firms; and (4) altering certain reporting requirements. The measure also limits the amount DBED may invest in a side car fund, defined as an entity controlled by or under common control with a venture firm that is formed solely for the purpose of investing alongside the venture firm.

Business Development Program for Ex-offenders

Senate Bill 356/***House Bill 698*** ***(both passed)*** require DBED; the Department of Labor, Licensing, and Regulation (DLLR); and the Department of Public Safety and Correctional Services to jointly study and evaluate the feasibility of establishing a business development program to provide business training to ex-offenders. In addition, the study must identify nongovernmental funding sources to fund the training programs. The departments must jointly report findings made under the measure to the Senate Finance Committee and the House Economic Matters Committee by October 1, 2014.

Maryland Public Art Initiative Program

Senate Bill 702/House Bill 1337 ***(both passed)*** require the State, to the extent practicable, to include public art in specified new buildings and major renovations that are funded entirely with State funds, subject to a waiver process. The measures do not apply to specified types of unoccupied buildings. For a more detailed discussion of these bills, see the subpart "Procurement" within Part C – State Government of this *90 Day Report*.

Job Development

Maryland EARN Program

Senate Bill 278/House Bill 227 ***(Chs. 1 and 2)*** establish the Maryland Employment Advancement Right Now (EARN) Program within DLLR to create industry-led partnerships to advance the skills of the State's workforce, grow the State's economy, and increase sustainable employment for working families. DLLR must establish and administer the Maryland EARN Program to provide competitive grants for strategic industry partnerships and workforce and job readiness training programs. For a more detailed discussion of this issue, see the subpart "Labor and Industry" within this Part H – Business and Economic Issues of this *90 Day Report*.

Maryland Jobs Development Act

House Bill 1315 ***(Ch. 150)***, the Maryland Jobs Development Act, requires DBED to compile data and report annually on economic development programs administered by DBED, including certain economic and financial assistance programs and tax credit programs. The report must include data, if applicable, on the number of jobs created, the number of jobs retained, estimated State revenue generated, and any other information required through regulations. If a recipient of assistance from an economic development program is not meeting the requirements of the program, the measure requires DBED to implement a process to assist the recipient in meeting the requirements.

Economic Development Tax Credits

A number of measures passed during the 2013 session created or expanded tax credits targeted toward generating new jobs and increasing economic growth in the State, and these measures are briefly discussed below. For a more detailed discussion of economic development tax credits and other tax credits, see the subpart "Income Tax" within Part B – Taxes of this *90 Day Report*.

Maryland Biotechnology Investment Incentive Tax Credit

The Maryland Biotechnology Investment Incentive Tax Credit provides income tax credits equal to 50% of an eligible investment for investors in qualified Maryland biotechnology companies. This tax credit program offers incentives for investment in seed and early stage, biotech companies, up to $250,000. The fiscal 2014 budget increased funding for the Maryland Biotechnology Investment Tax Credit Reserve Fund from $8 million to $10 million.

Film Production Activity Tax Credit

Chapter 516 of 2011 converted the existing Film Production Rebate Program to the Film Production Activity Tax Credit, which provides a tax credit equal to 25% of qualified film production costs incurred in the State by a qualified film production entity that meets specified requirements and is approved by DBED. ***Senate Bill 183*** ***(Ch. 28)*** increases from $7.5 million to $25.0 million the total amount of tax credits DBED may award in fiscal 2014 to qualified film production entities under the film production activity tax credit, provides $7.5 million in tax credits in each of fiscal 2015 and 2016, and extends the termination date of the credit by two years to July 1, 2016.

Cybersecurity Investment Incentive Tax Credit

House Bill 803 ***(passed)*** creates the Cybersecurity Investment Incentive Tax Credit, which is a tax credit against the State income tax for investments in qualified Maryland cybersecurity companies. The tax credit is equal to 33% of the qualified investment, not to exceed $250,000 or the tax liability imposed in that year. The amount of credits that DBED awards each year may not exceed the amount of money appropriated to a reserve fund established by the bill.

Research and Development Tax Credit

Companies that incur qualified research and development expenses in Maryland are eligible for the research and development tax credit. ***House Bill 386*** ***(Ch. 109)*** expands the existing research and development tax credit by increasing from $6 million to $8 million the aggregate amount of credits that DBED may approve in each calendar year. The aggregate amount includes an increase of the amount of basic credits that may be awarded annually from $3 million to $4 million and an increase of the amount of growth credits that may be awarded from $3 million to $4 million.

Miscellaneous

Baltimore Convention Center

Like most convention centers nationwide, the Baltimore Convention Center (BCC) is not a fiscally self-sustaining entity. The purpose of a convention center is to generate an economic stimulus in the local market through increased spending by out-of-town guests.

An arrangement under which the Maryland Stadium Authority (MSA) contributes two-thirds of the operating deficit and one-half of the capital improvement reserve fund of the BCC was put in place in 1996. Chapter 320 of 2008 extended the arrangement from June 30, 2008, to December 31, 2014, when MSA's outstanding bonds for the project are retired. ***Senate Bill 516*** ***(passed)*** extends by five years, to December 31, 2019, the period during which MSA must contribute two-thirds to the annual operating deficit. During this period, Baltimore City must continue to contribute one-third to the BCC annual operating deficit. The bill also extends the date until which MSA and Baltimore City are each obligated to contribute $200,000 to a capital improvement reserve fund and correspondingly extends the date after which Baltimore City is solely responsible for all operating deficits and capital improvements.

Public-private Partnerships

Private-sector financing is used as a means to maintain and expand capital infrastructure investment. In Maryland, public-private partnership agreements (P3s) have primarily been used to finance transportation infrastructure but more recently have also facilitated the proposed multiyear phased redevelopment of the State Center complex in Baltimore City. ***House Bill 560*** ***(Ch. 5)*** establishes a State policy on the use of P3s and expressly authorizes specified State agencies to enter into P3s. The bill establishes a process and associated reporting requirements for State oversight of P3s and institutes a process for both solicited and unsolicited P3 proposals that must be followed before the Board of Public Works may approve a P3 agreement. For a more detailed discussion of this measure, see the subpart "State Agencies, Offices, and Officials" within Part C – State Government of this *90 Day Report*.

Housing and Community Development

Housing

Housing for Senior Homeowners, Older Adults, and Individuals with Disabilities

Chapter 695 of 2012 required the Department of Housing and Community Development (DHCD) to establish a task force to study and report on, among other things, methods for (1) understanding the needs of low-income seniors regarding home repairs, safety, and energy savings; (2) identifying existing and new public resources on the federal, State, and local levels to assist low-income and limited-income senior homeowners with home renovation and repairs; and (3) identifying the challenges for low-income and limited-income senior homeowners in accessing public resources. ***House Bill 957 (passed)*** encompasses some of the task force's recommendations.

The bill establishes an Accessible Homes for Senior Homeowners Grant Program in DHCD to make grants to finance accessibility-related renovation or repair activities for elderly homeowners. DHCD may establish standards to determine the eligibility of an applicant under the program; however, an applicant must provide to DHCD evidence that the applicant cannot undertake the renovation and repairs without a grant.

The bill also requires the Maryland Department of Aging (MDoA), DHCD, the Maryland Department of Disabilities, and the Department of Health and Mental Hygiene to collaborate to provide a coordinated system of information and access for older adults and individuals with disabilities, including studying the feasibility of instituting an option counselors program administered by the Aging and Disability Resource Center in MDoA. The bill also establishes a reporting requirement for the Secretary of Aging. The provisions of the bill relating to inter-agency cooperation and the option counselors program terminate September 30, 2016.

Services for Unaccompanied Homeless Youth

According to the National Network for Youth, there are over 1.6 million youth throughout the nation who are outside the care of a parent or guardian and without stable housing. ***Senate Bill 764/House Bill 823 (both passed)*** establish the Task Force to Study Housing and Supportive Services for Unaccompanied Homeless Youth. The task force, among other things, is charged with identifying and studying the unique needs of unaccompanied homeless youth and evaluating the public- and private-sector programs and resources available to meet those needs. The task force is required to report its findings and recommendations to the Governor and General Assembly by November 1, 2013. For a further discussion of ***Senate Bill 764/House Bill 823***, see the subpart "Social Services" within Part J – Health and Human Services of this *90 Day Report*.

Residential Mortgage Loans

The Community Development Administration (CDA), which is part of DHCD's Division of Development Finance, issues nonbudgeted revenue bonds to support its financial assistance programs. Currently, CDA does not offer flexible financing such as grants or unsecured loans. ***Senate Bill 60 (Ch. 11)*** authorizes the CDA to make, participate in making, and undertake a commitment for flexible financial assistance to families of limited income, subject to terms and qualifications as determined by the Secretary of Housing and Community Development. Financial assistance, including grants, may be made (1) for maintaining or modifying an existing residential mortgage loan; or (2) in conjunction with a new residential mortgage loan to enable a homeowner to refinance an existing residential mortgage loan.

Maryland Building Performance Standards

Wind Design and Debris Standards: DHCD currently incorporates by reference the 2012 International Building Code (IBC) with modifications as the Maryland Building Performance Standards (MBPS). The 2012 IBC specifies that buildings, structures, and associated parts must be designed to withstand minimum wind loads as determined by a number of factors. ***Senate Bill 750/House Bill 769 (both passed)*** prohibit a local government from adopting amendments to the MBPS that weaken the wind design and wind-borne debris provisions contained in the IBC standards. For a further discussion of this issue, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Fire Safety: In March 2010, the Maryland Smoke Alarm Technology Task Force was formed at the request of the State Fire Marshal to explore changing technologies within the smoke alarm industry and to see if improvements in smoke alarms could further reduce fire fatalities in residential structures. ***Senate Bill 969/House Bill 1413 (both passed)*** incorporate the task force's recommendations related to smoke alarm technology and the implementation of best practices for residences and sleeping areas in other structures. For a further discussion of this issue, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Maryland Accessibility Code: The Maryland Accessibility Code (MAC), the State building code designed to ensure that buildings and facilities are accessible and usable by individuals with disabilities, is enforceable by local governments or any other governmental units with authority over buildings or facilities. ***House Bill 1279*** ***(passed)*** allows, subject to certain notification requirements, an occupant, a dependant of an occupant, or a prospective tenant who meets the requirements for tenancy to commence a civil action in District Court or circuit court to obtain relief for a violation of MAC with regard to certain residential buildings. For a further discussion of this issue, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Community Development

Maryland Smart Growth Investment Fund Workgroup

A January 2013 report of the Concentrating Growth Workgroup of the Maryland Sustainable Growth Commission made several recommendations for "priority next steps for financing smart growth" in the State. The report included a recommendation for the establishment of a renewable funding mechanism for smart growth programs with the aim of raising at least $35 million annually. ***Senate Bill 965***/***House Bill 1170*** ***(both passed)*** incorporate the workgroup's recommendation by requiring DHCD to establishing the Maryland Smart Growth Investment Fund Workgroup to examine the creation of an investment fund. The Secretary of Housing and Community Development is required to report the workgroup's findings and recommendations to the Governor and General Assembly by December 31, 2013. For a further discussion of this issue, see the subpart "Local Government Generally" within Part D. For a further discussion of this issue, see the subpart "Local Government Generally" within Part D – Local Government of this *90 Day Report*.

Sustainable Communities

Sustainable Communities Tax Credit: The fiscal 2014 budget as introduced by the Governor increased the Sustainable Communities Tax Credit from $7 million to $10 million.

Infrastructure Improvement Financing: According to DHCD, there are approximately 150 sustainable communities in the State, including BRAC and transit-oriented development (TOD). The Funding Workgroup of the Sustainable Growth Commission focuses on identifying new financing mechanisms to support the State's Smart, Green, and Growing initiatives, among other things. ***House Bill 613*** ***(passed)*** is the result of the workgroup's research activities. The bill authorizes specified local governments to finance the costs of infrastructure improvements located in or which support "sustainable communities," including the cost for operation and maintenance of infrastructure improvements, in the same manner as TOD districts. For a more detailed discussion of tax issues related to House Bill 613, see the subpart "Miscellaneous Taxes" within Part B – Taxes of this *90 Day Report*.

Community Legacy Program: The Community Legacy Program under DHCD was established by Chapter 567 of 2001 to create a process and funding source for several types of revitalization projects. The Program provides local governments and community development organizations with financial assistance to strengthen communities through such activities as business retention and attraction, encouraging homeownership, and commercial revitalization. Program funds are restricted to designated sustainable communities.

DHCD indicates that the current application approval process – which requires a local government resolution – is a time consuming process. In addressing this issue, ***Senate Bill 62 (Ch. 13)*** authorizes a political subdivision to approve an application for a sustainable community plan or community legacy project by delivery of a letter to DHCD as an optional alternative to a resolution.

Neighborhood and Community Assistance Program Tax Credits

Chapter 636 of 1996 established the Neighborhood and Community Assistance Program within DHCD. The purposes of the Program are to (1) help nonprofit organizations to carry out approved projects in priority funding areas; (2) encourage business entities to invest in priority funding areas; and (3) strengthen partnerships between public and private entities. A business or individual may claim a tax credit for certain contributions made to DHCD-approved projects conducted by nonprofit organizations in a priority funding area. The tax credit may be claimed against the personal, corporate, public service franchise, and insurance premiums taxes.

Currently, DHCD may approve a maximum of $2 million in contributions in any fiscal year, resulting in $1 million in tax credits. ***House Bill 108 (Ch. 82)*** increases the maximum sum of contributions eligible for a tax credit offered under the Program from $2 million to $3.5 million each fiscal year. The Act also authorizes DHCD to give preference to a neighborhood conservation district that is locally designated in coordination with the Program when considering approval or disapproval of a proposal for a project under the Program and in determining the maximum sum of contributions eligible for the tax credit.

Workers' Compensation

Benefits

Certain public safety employees – including specified volunteer and paid firefighters, paramedics, and law enforcement officers – are entitled to receive enhanced workers' compensation benefits for permanent partial disabilities that are determined to be compensable for fewer than 75 weeks. Under current law, an employee who is not entitled to enhanced benefits is compensated at a rate that equals one-third of the employee's average weekly wage, not to exceed 16.7% of the State average weekly wage. ***Senate Bill 313*/*House Bill 370* (both passed)** specify that an Anne Arundel County deputy sheriff is eligible for enhanced workers' compensation benefits for a permanent partial disability. An Anne Arundel County deputy sheriff who is awarded compensation for a period of fewer than 75 weeks for a permanent partial disability is compensated by the county at an enhanced rate that is equal to the rate for claims that are determined to be compensable for 75 to 250 weeks (two-thirds of the employee's average weekly wage, not to exceed one-third of the State average weekly wage). The bills apply only prospectively and do not have any effect on or application to claims arising before October 1, 2013.

Coverage

House Bill 1330 ***(passed)*** modifies procedures for the Workers' Compensation Commission to enforce employer compliance with the requirement that employers secure workers' compensation insurance for its employees. Under current law, if an employer fails to secure compensation for its employees, the commission must order the employer to maintain workers' compensation insurance with the Chesapeake Employers' Insurance Company. If the employer is noncompliant, the employer is liable to the State for a penalty equal to the premiums for six months of insurance with the Chesapeake Employers' Insurance Company.

Under the bill, if an employer fails to secure compensation for all of its employees, the commission must issue an order directing the employer to attend a hearing to show cause as to why the employer should not be required to secure compensation for all covered employees, found to be noncompliant, and assessed a penalty. If the commission finds that the employer is noncompliant, the commission is required to order the employer to (1) obtain workers' compensation insurance with any authorized insurer (including the Chesapeake Employers' Insurance Company); (2) provide the commission with proof of coverage; and (3) pay to the Uninsured Employers' Fund a penalty of up to $10,000. An employer's failure to pay a penalty constitutes a default in payment of compensation, and the penalty is a lien against the assets of the employer. The bill authorizes the Uninsured Employers' Fund to bring a civil action to collect certain penalties and assessments. If a corporation or limited liability corporation does not have sufficient funds to satisfy a penalty, an officer of the corporation or member of the limited liability company is jointly and severably liable under specified circumstances. Finally, the Uninsured Employers' Fund may suspend the license or permit of an employer to do business in the State for failing to pay a penalty ordered under the bill.

Claims Processing

Upon receipt of a claim, the commission may investigate the claim and must, on application of any party to the claim, order a hearing. The commission is required to make or deny an award within 30 days after the mailing of the notice of the filing of a claim or, if a hearing is held, after the hearing is concluded. The decision must be recorded in the commission's principal office, and a copy of the decision must be sent by first-class mail to each party's attorney of record or, if the party is unrepresented, to the party. ***Senate Bill 65*** ***(Ch. 16)*** authorizes the commission to send copies of its decisions and orders electronically if the party's attorney of record consents or, if the party is unrepresented, the party consents. The Act also specifies that a decision or order of a member of the commission must be sent to each party's attorney of record and to each unrepresented party in the same manner that decisions regarding claims are sent.

Prescription Drug Dispensing and Reimbursement

The commission is authorized to regulate fees and other charges for medical services or treatment through medical fee schedules. Each fee or other charge for medical service or treatment is limited to the amount that prevails in the same community for similar treatment of an injured individual with a standard of living that is comparable to that of the covered employee. Fees and other charges for prescription drugs are not regulated through a fee schedule. Instead, the fees and other charges are based on usual and customary rates. The commission has previously proposed two sets of regulations that would have established a pharmaceutical fee schedule that pertained to both pharmacies and physicians who dispense drugs. However, neither set of regulations was approved. Several bills were introduced to address the reimbursement of and fees for prescription drugs. ***Senate Bill 247/House Bill 174 (both failed)*** would have specified that an employer, or its insurer, may not be required to pay for a prescription drug that is dispensed by a physician to a covered employee who has suffered an accidental personal injury, compensable hernia, or occupational disease unless the prescription drug was (1) dispensed within 72 hours after either the disease was discovered or the injury or hernia occurred and (2) limited to no more than a 30-day supply of the medication. ***Senate Bill 914/House Bill 1389 (both failed)*** would have required the commission to adopt a pharmaceutical fee schedule in regulation. Among other things, the bills would have (1) specified the rate to be set for brand name, generic equivalent, repackaged, and compounded drugs and (2) required the commission to select, and designate in regulation, the nationally recognized pharmaceutical publication that would be used to determine the average wholesale price for brand-name and generic-equivalent drugs.

Unemployment Insurance

Unemployment Insurance (UI) provides temporary, partial wage replacement benefits to individuals who are unemployed through no fault of their own and who are able to work, available to work, and actively seeking work. An individual performing services for a business in return for compensation in the form of wages is likely covered for UI purposes. Unemployment benefits are funded through Maryland employers' State UI taxes. All private business employers and nonprofit employers employing one or more persons, at any time, are subject to the Maryland UI Law. An employer's tax rate is based on the employer's unemployment history and ranges within a certain percentage of the total taxable wages of the employer's employees. The taxes are deposited in the Unemployment Insurance Trust Fund and may be used only to pay benefits to eligible unemployed individuals.

Both the federal and state governments have responsibilities for unemployment compensation. The U.S. Department of Labor oversees the UI system, while each state has its own program that is administered pursuant to state law by state employees. Each state has laws that prescribe the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

Benefits

The federal Trade Adjustment and Assistance Extension Act of 2011, as a condition of federal administrative grants, requires states to assess penalties in cases where UI overpayments resulted from fraud. To comply, ***House Bill 354*** ***(Ch. 103)*** authorizes the Department of Labor, Licensing, and Regulation (DLLR) to impose a monetary penalty equal to 15% of the amount of benefits received for each week for which (1) a false statement or representation was made; or (2) the claimant failed to disclose a material fact. The Secretary may also recover interest as specified in current law. Neither the penalty nor the interest, however, may be recovered by deducting the amount from future UI benefits payable to the claimant. Monetary penalties are deposited directly into the Maryland Unemployment Trust Fund to be used for the payment of benefits. This federal conformity legislation applies to benefit determinations establishing overpayments issued on or after October 1, 2013.

Employer Contributions

An employer must apply for a refund or adjustment for UI contributions or interest paid within the later of (1) one year from the date of the payment or (2) three years from the last day of the calendar quarter in which the payment was made. For any amount DLLR determines was erroneously collected, DLLR is required to allow the employer to make an adjustment to UI contributions due. If an adjustment cannot be made, DLLR is required to issue a refund. ***House Bill 348*** ***(Ch. 98)*** allows employers to apply within four years, rather than three, from the last day of the calendar quarter in which the payment was made, if it is later than the alternative deadline of one year from the date of the payment.

The federal Trade Adjustment and Assistance Extension Act of 2011, as a condition of federal administrative grants, requires states to charge employers in cases where they failed to timely or adequately respond to a request for information that led to an overpayment. ***House Bill 583*** ***(Ch. 121)*** prohibits DLLR from removing recoverable UI benefits charged to an employer if (1) the benefit was paid as a result of the employer's or the employer's agent's failure to provide timely or adequate information related to a claim for benefits in response to a request from DLLR and (2) the employer or agent has not shown good cause for failing to provide timely or adequate information. In determining whether or not the benefit charges may be removed from the earned rating record, the employer or agent (1) must raise the issue of good cause in writing for the issue to be considered and (2) has the burden of proof that there was good cause for the failure to provide timely or adequate information. In addition, the Act specifies that if DLLR recovers benefits charged to a nonprofit or government entity, DLLR is required to remove the charges from the account of the nonprofit or government entity. The requirements regarding the timely or adequate provision of information also are applied to nonprofit and government entities. This federal conformity legislation applies to benefit determinations issued on or after October 1, 2013.

Labor and Industry

Workforce Development

The Department of Labor, Licensing, and Regulation's (DLLR) Division of Workforce Development and Adult Learning is charged with promoting apprenticeship and training programs; administering job training, placement, and service programs; implementing the federal Workforce Investment Act (WIA); and other programs that promote employment through labor exchange and training services. ***Senate Bill 278/House Bill 227*** ***(Chs. 1 and 2)*** establish the Maryland Employment Advancement Right Now (EARN) Program within DLLR. The goal of EARN is to create industry-led partnerships with businesses, state and local governments, and educational institutions to advance the skills of the State's workforce, grow the State's economy, and increase sustainable employment for working families. DLLR must establish and administer the program in consultation with the Department of Business and Economic Development and the Governor's Workforce Investment Board. Under EARN, competitive grants will be awarded to industry partnerships and training programs for:

- approved strategic industry partnerships for the development of a plan consistent with the purpose of the EARN program;
- workforce training programs and other qualified programs that provide industry-valued skills training to individuals that result in a credential or identifiable skill consistent with an approved strategic industry partnership plan; and
- job-readiness training and skills training that results in a credential or an identifiable skill.

A strategic industry partnership must identify common workforce needs for high-demand occupations within a target industry and develop and implement industry strategies to meet the common workforce needs and shortages based on regional needs. DLLR must also monitor all grants provided under the program and may require all grant recipients to demonstrate an ability to collaborate successfully.

Employment Standards and Conditions

Wages and Hours

The Maryland Wage and Hour Law is the State complement to the federal Fair Labor Standards Act of 1938. State law specifies that an employee must be paid the higher of the federal minimum wage, which is currently \$7.25 per hour, or \$6.15 per hour. The employer of a tipped employee is allowed a tip credit of 50% that can be applied against the direct wages paid by the employer. An employer must also pay an overtime wage of at least 1.5 times the usual hourly wage, based on each hour over 40 hours that an employee works during a work week. ***Senate Bill 405*** ***(Ch. 46***) exempts an employer from having to pay overtime wages to an employee, unless a collective bargaining agreement provides otherwise, if the employer is subject to Title II of the federal Railway Labor Act, the employee is not required to work more than 40 hours during a work week, and the employee voluntarily agrees to trade scheduled work hours with another employee, resulting in the employee working more than 40 hours in a work week.

Senate Bill 683/House Bill 1204 ***(both failed)*** would have incrementally raised the minimum wage of the State over several years to $10.00 per hour beginning July 1, 2015. Starting on July 1, 2016, the State minimum wage would have been subject to increases based on inflation. The bills also would have expanded the application of the Maryland Wage and Hour Law to additional industries or classes of workers, changed overtime laws for various industries, and altered the tip credit that employers can apply against the direct wages paid to tipped employees.

Prevailing Wage

House Bill 1098 ***(passed)*** creates the Task Force to Study the Applicability of the Maryland Prevailing Wage Law. The task force is required to report its findings and recommendations by December 31, 2013. For a more detailed discussion of ***House Bill 1098***, see the subpart "Procurement" within Part C – State Government, of this *90 Day Report*. Under ***House Bill 650*** ***(passed)***, employers must pay prevailing wages on any public works contract entered into by the Washington Suburban Sanitary Commission that has a contract value of at least $500,000.

Wage Payment and Collection Law

Maryland's Wage Payment and Collection Law regulates the payment of wages by employers in the State. The law requires employers to pay workers the wage promised; establish regular paydays; pay wages when due; pay employees in a specified manner; pay employees at least once every two weeks, with exceptions; furnish employees with a statement of gross earnings; advise employees of their rate of pay and designated payday; and pay employees all wages due on termination of employment. The Commissioner of Labor and Industry enforces the State's Wage Payment and Collection Law.

Senate Bill 758/***House Bill 1130*** ***(both passed)*** allow an employee to establish a lien for unpaid wages, not including commissions, against an employer, and establish a procedure for the employer to dispute a lien for unpaid wages. A lien for unpaid wages is enforced in the same manner as any other judgment under State law. The commissioner may seek to establish a lien on behalf of an employee, and the commissioner must establish the content of the notice, complaint, and wage lien statement.

Under the Wage Payment and Collection Law, an employer may not make unauthorized deductions from an employee's paycheck. The only allowable deductions are those ordered by a court; authorized by an employee; allowed by the commissioner under specified conditions; or otherwise made in accordance with any law, rule, or regulation issued by a governmental unit. Under the federal Fair Labor Standards Act, an employer may not reduce an employee's wages below the minimum wage when making deductions for walk-outs, breakage, or cash register shortages. ***Senate Bill 553*** ***(passed)*** prohibits an employer from requiring that a tipped employee pay the employer the cost of a customer's bill should that customer leave without paying for food or beverages. Employers are also prohibited from deducting the amount from a tipped employee's wages. A tipped employee is an employee who customarily and regularly receives more than $30 each month in tips or gratuities.

Leave Policies

The federal Family and Medical Leave Act (FMLA) requires covered employers to provide an eligible employee with up to 12 work weeks of unpaid leave during any 12-month period under the following conditions: the birth and care of an employee's newborn child; the adoption or placement of a child with an employee for foster care; to care for an immediate family member with a serious health condition; medical leave when the employee is unable to work due to a serious health condition; or any qualifying circumstance arising out of the fact that the employee's spouse, son, daughter, or parent is a covered military member on "covered active duty."

Senate Bill 12 ***(passed)*** requires employers that employ 50 or more people, including the State and local governments, to allow an employee to take leave from work on the day that an immediate family member is leaving for or returning from active military duty outside the United States. To qualify for the leave, an employee must have worked for the employer on a full- or part-time basis for the last 12 months and worked at least 1,250 hours during that time.

Senate Bill 698/***House Bill 735*** ***(both failed)*** would have mandated every employer in the State, including the State and local governments, to have a sick and safe leave policy under which an employee of the employer earns at least one hour of paid sick and safe leave, at the same rate and with the same benefits as the employee normally earns, for every 30 hours an employee works.

Employment Discrimination

Senate Bill 784/***House Bill 804*** ***(both passed)*** require an employer, if an employee requests a reasonable accommodation for a disability caused or contributed to by pregnancy, to explore all possible means of providing the reasonable accommodation. For a more detailed discussion of this issue, see the subpart "Human Relations" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Senate Bill 757/***House Bill 795*** ***(both passed)*** allow an employee to initially submit a complaint *orally* to the Commissioner of Labor and Industry, if the employee believes that an employer or other person has discriminated against the employee on the basis of information gained through group medical coverage or because the employee filed a complaint, brought action, testified, or exercised rights under the Maryland Occupational Safety and Health (MOSH) Act. However, for an oral complaint to be accepted as timely by the commissioner, the employee must subsequently submit a signed written complaint within seven business days of making the oral complaint.

Sunset Extension and Program Evaluation

The Division of Labor and Industry (DLI) is charged with protecting and promoting the health, safety, and employment rights of Maryland residents. Among its responsibilities, the division administers State laws addressing employment issues such as: wage payment; employment of minors; occupational safety and health; worker misclassification; farm labor contractors; and safety inspections of amusement rides, boilers and pressure vessels, elevators and escalators, and railroads.

The Department of Legislative Services (DLS) conducted a full evaluation of DLI and its associated boards and councils in 2012. ***Senate Bill 305*** ***(passed)*** generally implements the statutory recommendations developed by DLS during the evaluation. The bill repeals the termination date for DLI and requires an evaluation of DLI and its associated boards and councils by July 1, 2023. The bill also repeals the termination dates of the State Employment of Minors and Wage and Hour Laws. It retains the termination dates for all other associated boards and the Apprenticeship and Training Council and extends them by 10 years to July 1, 2024.

Senate Bill 305 eliminates the penal bond requirement ($7,000) for employment agencies. The bill repeals the Advisory Council on Prevailing Wage Rates and transfers its duties to the Prevailing Wage Unit. The bill standardizes the authority of the Commissioner of Labor and Industry to investigate existing labor laws, so now, in response to written complaints received, the commissioner must investigate all labor laws enacted in Title 3 of the Labor and Employment Article. The commissioner may assess a penalty of no more than $50 a day for noncompliance with the notification requirements under the Workplace Fraud Law. The Board of Boiler Rules must meet and consult at least once annually with the State Board of Stationary Engineers, and a corresponding change is made to the requirement for the State Board of Stationary Engineers.

Alcoholic Beverages

Statewide Bills

Wine, Wineries, and Wine Festivals

In fiscal 2012, hundreds of winery special events permits were issued by individual counties for selling wine at a limited number of county farmers' markets. To simplify the process and to broaden the scope of the permit, ***House Bill 978*** ***(passed)*** replaces the county permits with the off-site permit issued by the Comptroller. In addition, the bill creates a wine festival permit to allow nonprofit organizations to conduct wine festivals.

House Bill 978 authorizes the Comptroller to issue a winery off-site permit to a Class 4 limited winery. The permit may be used only (1) during the Montgomery County Agricultural Fair; (2) one night each week from June through November at the North Beach Friday Night Farmers' Market; (3) at an event that has as its major purpose an activity that is other than the sale and promotion of alcoholic beverages and for which the participation of a winery is a subordinate activity; (4) at farmers' markets that are listed on the farmers' market directory of the Maryland Department of Agriculture; and (5) at a wine festival that has as its primary purpose the promotion of Maryland wine and is authorized by the Comptroller. There are 61 wineries in Maryland that may take advantage of the new permits.

Beer and Breweries

Refillable Containers – "Growlers": In 2012, Baltimore City and Howard County allowed certain retail establishments to sell beer in refillable containers (commonly called "growlers"). Taking this concept to the manufacturer's level, ***Senate Bill 955*** ***(passed)*** authorizes the Comptroller to issue a refillable container permit to a holder of a brewery license. A refillable container permit entitles the holder to sell draft beer for consumption off the licensed premises in a refillable container with a capacity of not less than 32 ounces and not more than 128 ounces.

Permits for growlers were also approved for several jurisdictions as local laws, as discussed under Local Laws of this Part H.

Brewery License – On-premises Consumption: ***Senate Bill 32/House Bill 4*** ***(both passed)*** authorize a Class 5 brewery licensee to sell up to 500 barrels each year of beer brewed at the location for on-premises consumption. The local licensing board must issue an on-site consumption permit to the brewery that holds a Class D beer license or an equivalent license. A local licensing board may charge a fee for the on-site consumption permit, and may require the permit holder or an employee to comply with alcohol awareness training requirements. There are currently 12 Class 5 brewery licenses issued in the State.

Class 7 Limited Beer Wholesaler's License: In an effort to allow local "craft" breweries to sell a limited amount of their product at retail, ***Senate Bill 223/House Bill 231*** ***(both passed)*** create a Class 7 limited beer wholesaler's license. The license that authorizes the license holder to sell, deliver, and distribute up to 3,000 barrels of its own beer produced at the holder's premises to a retail license holder or permit holder in the State annually. The license may be issued only to a Class 5 manufacturer's (brewery) license holder and a Class 7 micro-brewery license holder who produces not more than 22,500 barrels of beer annually.

Farm Breweries and Micro Breweries: ***House Bill 230*** ***(Ch. 88)*** authorizes a micro-brewery to brew and bottle malt beverages on behalf of a farm brewery, using ingredients produced on the farm. In addition, the Comptroller is authorized to issue a Class 8 farm brewery license to a person in Howard County that holds no more than two Class B beer, wine, and liquor licenses.

Self-scanning Sales

Senate Bill 806/House Bill 1172 ***(both failed)*** would have prohibited a retail alcoholic beverages licensee from selling alcoholic beverages by means of a self-scanning cash register or other automated system. However, a self-scanning prohibition for Prince George's County was passed as ***House Bill 1105***, which is discussed under Local Laws of this Part H.

Local Laws

Refillable Containers

Chapters 92, 93, and 412 of 2012 established refillable container licenses in two jurisdictions (Baltimore City and Howard County). The license entitles the holder to sell draft beer for consumption off the licensed premises in refillable containers (commonly called "growlers"). Refillable container laws were expanded during the 2013 session to include several other jurisdictions. As discussed below, the City of Annapolis, Anne Arundel, Caroline, Cecil, Dorchester, Garrett, Montgomery, Queen Anne's, St. Mary's, and Wicomico County sections for additional details. In addition, Howard County introduced a refillable container license for wine during the 2013 session.

Allegany County

Video Lottery Facility: A video lottery facility is expected to open the summer of 2013 at the Rocky Gap Lodge and Resort. To accommodate patrons at the facility, ***Senate Bill 629***/***House Bill 816*** ***(Chs. 69 and 70)***, establish a Class BWL-VLF (video lottery facility) and a Class BWL-VLC (video lottery concessionaire). The licenses authorize the sale of beer, wine, and liquor for consumption anywhere in the video lottery facility or on the grounds controlled by the licensee.

The licenses authorize (1) music and dancing and (2) the sale and provision of beer, wine, and liquor for consumption throughout the video lottery facility and grounds during the days and hours that the video lottery facility is open for business. The video lottery facility is expected to operate 24 hours a day.

City of Annapolis

Refillable Containers: ***Senate Bill 244***/***House Bill 145*** ***(both passed)*** authorize the Annapolis City Alcoholic Beverage Control Board to issue a refillable container license to a holder of a Class A, Class B, or Class D license.

Residency Requirement: ***House Bill 1305*** ***(passed)*** specifies that an applicant for an alcoholic beverages license issued in the City of Annapolis may meet the residency requirement by residing anywhere in Anne Arundel County for two years preceding the filing of the application.

Anne Arundel County

Refillable Containers: ***Senate Bill 16***/***House Bill 18*** ***(both passed)*** authorize the Anne Arundel County Board of License Commissioners to issue a refillable container license to a holder of a Class A, Class B, or Class D license.

Baltimore City

License Revocation: ***Senate Bill 235*** ***(passed)*** specifies that an order by the Baltimore City Board of Liquor License Commissioners to revoke a license may be stayed, pending appeal, only by the court with which the appeal has been filed. The bill also prohibits a person whose license has been revoked from giving, serving, dispensing, keeping, or allowing to be consumed any alcoholic beverage until a stay is granted or the revocation is reversed on appeal.

Store Closing Hours: ***Senate Bill 225/House Bill 46*** ***(both failed)*** sought to establish 10 p.m. as the time at which alcoholic beverages sales must stop for establishments with a Class A beer and light wine license or a Class A beer, wine, and liquor license in the 40th and 41st Legislative Districts in Baltimore City. The issue had similarly been raised in a failed effort in 2012 for the Park Heights Redevelopment Area.

Baltimore County

License Transfers: Chapter 558 of 2012 required the transfer of up to 25 Class B or Class D alcoholic beverages licenses from election district 15 (located in Dundalk) to other areas of Baltimore County by April 30, 2017. ***Senate Bill 1028*** ***(passed)*** allows Class B or D alcoholic beverages licenses transferred to the Towson Commercial Revitalization District, the Quarry at Greenspring, the Metro Center at Owings Mills, or the Promenade at Catonsville to be counted toward this requirement.

Calvert County

Retirement Communities: ***House Bill 1292*** ***(passed)*** authorizes the Calvert County Board of License Commissioners to issue a continuing care retirement community on-sale beer, wine, and liquor license to a club at a retirement community. The license authorizes the licensee to keep for sale and to sell at retail beer, wine, and liquor to any member or a guest when accompanied by a member at the licensed facility.

The decision of a local licensing board, in approving, suspending, revoking, and restricting, or refusing to approve, suspend, revoke, or restrict a license, or a licensee, is subject to appeal as provided by statute. The bill adds Calvert County to the list of jurisdictions who may remand these proceedings to the local licensing board for further consideration. This authority may not be applied to any case for which a final judgment has been rendered and for which all judicial appeals have been exhausted before June 1, 2013.

Sunday Sales: ***Senate Bill 1004*****/*****House Bill 1448*** ***(both passed),*** remove the prohibition against a Class B or Class C license holder in Calvert County from selling alcoholic beverages at a bar or counter on Sunday.

Caroline County

Micro-brewery Licenses and Refillable Containers: ***Senate Bill 148*****/*****House Bill 162*** ***(both passed)*** add Caroline County to the list of jurisdictions authorizing the issuance of a

Class 7 micro-brewery license. The micro-brewery license in Caroline County may be issued to a holder of a Class B beer, wine, and liquor (on-sale) license for use on the premises of a restaurant. The bills also give a holder of a micro-brewery license in Caroline County an off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill.

Cecil County

Refillable Containers: ***Senate Bill 392*** ***(passed)*** authorizes the Cecil County Board of License Commissioners to issue a refillable container license to a holder of a Class A or Class B alcoholic beverages license.

Wine Festivals: ***House Bill 212*** ***(passed)*** increases the number of wine festivals (WF) authorized in Cecil County in which special WF licenses are issued by the Cecil County Liquor Board from one weekend annually to a maximum of three weekends annually. The bill also increases the number of beer and wine festival licenses authorized in Queen Anne's County from one weekend annually to four weekends annually.

Charles County

Hours of Sale for Nonalcoholic Items: ***House Bill 172*** ***(Ch. 85)*** authorizes an alcoholic beverage licensee in Charles County to sell nonalcoholic items Monday through Saturday between 5 a.m. and 2 a.m. the following day and Sunday between 6 a.m. and midnight.

Dorchester County

Refillable Containers: ***Senate Bill 150*****/*****House Bill 133*** ***(both passed)*** authorize the Dorchester County Board of License Commissioners to issue a refillable container license to a holder of a Class B or Class D alcoholic beverages license.

Micro-breweries: ***Senate Bill 149*****/*****House Bill 68*** ***(both passed)*** authorize the holder of a Class D (tavern) alcoholic beverages license in Dorchester County to be granted a Class 7 micro-brewery license, so long as the Class 7 micro-brewery license is used on the same premises of the existing Class D license. For a micro-brewery with a Class D license in Dorchester County, the hours and days for consumer sales are established by the Class D beer license.

Frederick County

License Fees: Altering the way license fees are handled, ***Senate Bill 321*****/*****House Bill 410*** ***(both passed)*** require the Frederick County Treasurer to keep all alcoholic beverages license fees collected. Salaries and expenses for the Frederick County Board of License Commissioners are to be paid from the license fees that the treasurer receives.

Banquet Facility License: ***Senate Bill 957*****/*****House Bill 1387*** ***(both passed)*** relax the requirements for a Class B-B.F. beer, light wine, and liquor on-sale license for a banquet facility in Frederick County. The bills eliminate the requirement that the banquet facility be eligible for inclusion on the National Register of Historic Places and lower the capital investment required to that of $250,000, excluding the cost of the land, buildings, and leases.

Garrett County

***Senate Bill 767*/*House Bill 749* (both passed)** make numerous changes to the alcoholic beverages law in Garrett County.

Refillable Containers: The bills authorize the Garrett County Board of License Commissioners to issue a refillable container permit to a draft beer license holder who also holds any class of alcoholic beverages license issued by the board, except a Class C license or Class A license.

BDR License: A Class BDR beer and wine or beer, wine, and liquor license may be issued to an applicant who already holds a Class B (on-sale) beer, wine, and liquor license or a Class B (on-sale) beer and wine license. A Class BDR license allows the holder to sell (1) beer and light wine for consumption on the licensed premises; and (2) brewed beverages for consumption off the licensed premises.

Class D Catering Option: The bills give a catering option to certain license holders. The option allows the license holder may sell certain alcoholic beverages at events that the holder caters off the licensed premises.

Selling Commemorative or Special Event Bottles: At no cost, the Garrett County Board of License Commissioners may grant certain license holders privilege to sell, for consumption off the licensed premises, alcoholic beverages in commemorative or special event bottles at a catered special event.

Sunday Sales: For a location where Sunday sales are allowed, Sunday sales may begin at 10 a.m. for a wine festival and 1 p.m. for a beer festival. Sales may be made without a consumer placing an order for a meal simultaneously or before placing an order for an alcoholic beverage.

Beer Festival: The Garrett County Board of License Commissioners may issue two beer festival licenses annually to a holder of a retail alcoholic beverages license issued by the board, a Class 5 brewery license, a Class 6 pub-brewery license, or a Class 7 micro-brewery license. The license entitles the holder to display and sell at retail beer, for consumption on or off the premises. The board must approve a fixed period of time for the festival, which may not to exceed two consecutive days.

Class B-B&B (bed and breakfast): The bills allow an individual at a licensed bed and breakfast to consume in the establishment wine not purchased from or provided by the establishment.

Sunday Sales: ***Senate Bill 371*/*House Bill 464*** ***(both passed)*** authorize a holder of a Class D license to sell alcoholic beverages from 1 p.m. to 10 p.m. on Sundays in Garrett County. The bills also expand Sunday sales to election district precincts in which voters approve a local referendum in favor of Sunday sales.

Harford County

Class B Cafe Hours of Sale: Under ***Senate Bill 128*/*House Bill 343*** ***(both passed)***, the hours for the sale of beer and wine under a Class B Cafe license are expanded in Harford County. A Class B Cafe licensee may sell alcoholic beverages on Monday through Sunday and only between 8 a.m. and 2 a.m. the following day instead of between 10 a.m. and 11 p.m., Monday through Sunday, inclusive.

Reserve Account: ***Senate Bill 131*/*House Bill 345*** ***(both passed)*** establish a reserve account for the Harford County Liquor Control Board. The reserve account, which is a special, nonlapsing account not exceeding $100,000, will ensure that issuance and renewal of licenses, licensing enforcement, and other services provided by the board will continue in the event of unanticipated financial circumstances.

Class H-CC (Corporate Club/Conference Center) License: The Harford County Liquor Control Board may issue a Class H-CC (corporate club/conference center) beer, wine, and liquor license to establishments that have a banquet room, conference center, or specified meeting room, and a corporate dining room. Under ***Senate Bill 129*** ***(passed)***, the licensee may hold multiple events in the licensed establishment simultaneously. No more than six Class H-CC licenses may be in effect at a time. The licensee may only hold one self-sponsored event per year in the banquet, conference, or meeting room.

Howard County

Refillable Wine Containers: ***House Bill 455*** ***(Ch. 117)*** authorizes the holder of a refillable container license in Howard County to sell wine for consumption off the licensed premises in a refillable container with a capacity of not less than 17 ounces and not more than 34 ounces if the holder is licensed to sell wine. A refillable container license may be issued at no cost to a license holder.

Distance from Schools: ***House Bill 901*** ***(Ch. 142)*** reduces, from 500 feet to 400 feet, the minimum distance from a public school building in Howard County that a Class B license to sell alcoholic beverages may be granted for a restaurant.

Retirement Community: ***House Bill 1240*** ***(Ch. 149)*** authorizes the Howard County Board of License Commissioners to issue a Class C (continuing care retirement community) beer, wine, and liquor license to a continuing care retirement community that (1) is composed of residents of a continuing care retirement community that has obtained a certificate of registration from the Maryland Department of Aging; (2) operates solely for the use of residents and guests of the community; and (3) is not directly or indirectly owned or operated as a public business.

The license authorizes the licensee to keep for sale and to sell at retail to any resident or guest of the community beer, wine, and liquor for on-premises consumption only.

Montgomery County

Refillable Containers: ***House Bill 649*** ***(Ch. 130)*** authorizes the Montgomery County Board of License Commissioners to issue a refillable container permit to a holder of a Class B or Class D beer and light wine license.

Distance from Schools, Places of Worship, and Youth Centers: ***House Bill 645*** ***(Ch. 128)*** authorizes the Montgomery County Board of License Commissioners to approve, by majority vote rather than unanimous action, the application for a license to sell alcoholic beverages more than 300 feet away from schools, places of worship, or certain youth centers.

Consumption of Wine Not Bought from License Holder: Generally, with limited exceptions, it is unlawful to consume alcoholic beverages that were not purchased from the license holder on that licensee's premises. ***House Bill 672*** ***(Ch. 133)*** adds Class H alcoholic beverages licensees in Montgomery County to the list of licensees that may allow an individual to consume wine not purchased from or provided by the restaurant or facility.

Beer and Wine Sampling: ***House Bill 647*** ***(Ch. 129)*** authorizes the Montgomery County Board of License Commissioners to issue up to three beer and wine sampling or tasting (BWST) licenses to a holder of a Class A license for holding beer and wine tastings or samplings in the Town of Kensington.

Prince George's County

Golf Courses: ***House Bill 1074*** ***(passed)*** expands the hours of sale for special seven-day Class B-GC (golf course) on-sale beer, wine, and liquor licenses on the premises of the Maryland-National Capital Park and Planning Commission's golf courses located within Prince George's County. Sales may begin at 9 a.m. instead of 11 a.m. daily. The annual license fee is increased from $365 to $500.

Liquor Inspectors: Alcoholic beverages license inspections are performed by part-time inspectors under the supervision of a Prince George's County Chief Inspector and two deputies. ***House Bill 1079*** ***(Ch. 145)*** makes technical corrections to Article 2B – Alcoholic Beverages to clarify that the annual salary of a part-time liquor inspector is $10,900.

Entertainment Permits: Effective June 1, 2013, ***House Bill 1081*** ***(passed)*** authorizes a holder of a Class BH (hotel) alcoholic beverages license that obtains a special entertainment permit to allow an individual under the age of 21 years to be present on the licensed premises while alcoholic beverages are being served during specified events in Prince George's County. A Class BH license is defined as a hotel that collects the county hotel occupancy tax from guests using the establishment.

Arts and Entertainment and Correctional Facilities: ***House Bill 1082*** ***(passed)*** increases the number of Class B-AE (arts and entertainment) licenses from five to eight that can be issued. In addition, the Prince George's County Board of License Commissioners may not issue a new Class A license, or transfer an existing Class A license, to a location within three-fourths of a mile of a correctional facility.

Self-scanning Sales: ***House Bill 1105*** ***(passed)*** prohibits, prospectively only, a retail alcoholic beverages licensee in Prince George's County from selling alcoholic beverages by means of a self-scanning cash register, or other automated system operated by a customer on a self-service basis, that is capable of recovering stored information related to the sale price of individual retail items. Violators are subject to a maximum fine of $1,000 for a first offense; $2,500 for a second offense; and $2,500 or suspension or revocation of their license for a third or subsequent offense.

City of College Park: In Prince George's County, with certain exceptions, an alcoholic beverages license may not be granted to sell alcoholic beverages in any building located within 1,000 feet of a school building or within 500 feet of a place of worship. ***House Bill 1070*** ***(Ch 144)*** authorizes an alcoholic beverages license to be granted in the City of College Park to an establishment located within a commercial district more than 400 feet from a school building.

City of Laurel: ***House Bill 1072*** ***(passed)*** authorizes the Prince George's County Board of License Commissioners to issue a license to sell alcoholic beverages in any building regardless of its distance from a place of worship in the City of Laurel. All related references of a church are changed to refer to a place of worship.

Towne Centre at Laurel: ***House Bill 1431*** ***(passed)*** authorizes the Prince George's County Board of License Commissioners to issue up to six Class B-DD (Development District) licenses to restaurants located within the Towne Centre at Laurel. In addition, Laurel Commons is removed from the list of areas in Prince George's County that are underserved by restaurants.

Queen Anne's County

Refillable Containers and Micro-brewery Licenses: ***House Bill 216*** ***(passed)*** adds Queen Anne's County to the list of jurisdictions authorizing the issuance of a Class 7 micro-brewery license. The micro-brewery license in Queen Anne's County may be issued to a holder of a Class B beer, wine, and liquor (on-sale) license for use on the premises of a restaurant. The bills also give a micro-brewery licensee in Queen Anne's County the off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill. The bill also authorizes the same license in St. Mary's County.

Beer, Wine, and Liquor Tasting: ***House Bill 199*** ***(passed)*** authorizes the Queen Anne's County Board of License Commissioners to issue a beer, wine, and liquor tasting (BWLT) license to the holder of a Class A beer, wine, and liquor license. A BWLT license allows the licensee to provide samples of up to 1 ounce of beer from a given brand and 4 ounces from all brands; up to 2 ounces of wine from a given brand and 4 ounces from all brands; and up to

0.5 ounce of liquor from a given brand and 1.5 ounces from all brands to any one person in a single day for tasting.

Beer and Wine Festivals: ***House Bill 212*** ***(passed)*** increases the number of beer and wine festivals (BWF) authorized in Queen Anne's County in which special BWF licenses are issued by the Queen Anne's County Board of License Commissioners from one weekend annually, Friday through Sunday inclusive, to a maximum of four weekends annually. The bill also increases the number of wine festival licenses authorized in Cecil County from one weekend annually to three weekends annually.

Alcoholic Beverages Inspectors: ***House Bill 213*** ***(Ch. 87)*** repeals the requirement that the alcoholic beverages inspector appointed by the Queen Anne's County Board of Licensed Commissioners be a full-time position.

St. Mary's County

Refillable Containers and Micro-brewery License: ***House Bill 285*** ***(passed)*** adds St. Mary's County to the list of jurisdictions authorizing the issuance of a Class 7 micro-brewery license. The micro-brewery license in St. Mary's County may be issued to a holder of a Class B beer, wine, and liquor (on-sale) license for use on the premises of a restaurant. The bill also gives a micro-brewery licensee in St. Mary's County the off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill. The bill also authorizes the same license in Queen Anne's County.

Pub Brewery: ***House Bill 301*** ***(passed)*** enables the Comptroller to issue a Class 6 pub-brewery license in St. Mary's County.

Somerset County

Beer and Wine Tasting: ***Senate Bill 351/House Bill 459*** ***(both passed)*** authorize the Somerset County Board of License Commissioners to issue a beer and wine tasting (BWT) alcoholic beverages license to a holder of a beer, wine, and liquor license or a beer and wine license. A BWT license allows the licensee to provide free tastings of beer or wine, except during a festival event.

Distance from Schools, Places of Worship, Public Libraries, and Youth Centers: ***House Bill 491*** ***(Ch. 120)*** creates exceptions to the prohibition in Somerset County against approving a license to sell alcoholic beverages in a building located within 300 feet of a school, church or other place of worship, public library, or youth center. The prohibition does not apply if (1) a licensed establishment existed before a school, church or other place of worship, public library, or youth center was built within 300 feet of the licensed establishment or (2) an establishment whose previous owner was the holder of a license to sell alcoholic beverages.

Wicomico County

Senate Bill 349/House Bill 275 ***(both passed)*** make numerous changes to the alcoholic beverages law in Wicomico County.

Refillable Containers: The bills authorize the Wicomico County Board of License Commissioners to issue a refillable container license to a holder of any class of alcoholic beverages license issued by the board, except a Class C license, Class D license, Class B – Conference Center license, or Class B – Stadium license.

Additionally, the bills (1) allow a holder of a Class B beer and light wine on-sale (stadium) license to sell light wine and beer in aluminum containers and eliminates the requirement that light wine be sold with meals at the stadium; (2) increase the number of days which beer, wine, or beer and wine sampling or tasting events may be held to 50 in any period for which a license is in effect; (3) repeal the board's authority to determine the time by which establishments must stop serving alcohol on New Year's Eve Day; and (4) allow a holder of a Class B hotel and restaurant alcoholic beverages license and Class B beer, wine, and liquor (golf course) license to begin selling alcoholic beverages at 10 a.m. on Sunday.

Worcester County

Senate Bill 949/House Bill 999 ***(both passed)*** make numerous changes to the alcoholic beverages law in Worcester County.

Entertainment Facility: In an action to enable to help the casino at Ocean Downs, the bill creates a Class EF (entertainment facility) license. The Class EF licensee may sell beer, wine, and liquor from one or more outlets in the facility for consumption anywhere throughout the facility. An applicant for the Class EF license must have an initial capital investment in the facility for which the license is sought of at least $45 million. One or more Class EF licenses may be issued for the same facility. The hours for sale of alcoholic beverages are during the days that the entertainment facility is open for business and from 9:00 a.m. through 4:00 a.m. the following day. A Class EF license authorizes dancing and the playing of music, and the annual license fee is $15,000.

Department of Liquor Control: The bills state that, acting as a wholesaler, the Worcester County Department of Liquor Control may purchase wine and liquor, on which the excise tax has not been paid, from a licensed wholesaler. The department may only resell the wine and liquor to a nondispensary, licensed retailer only after the excise tax has been paid. Acting as a retailer, the department may purchase wine and liquor, on which the excise tax has been paid, from a licensed wholesaler for retail sale in dispensary stores.

Alcohol Awareness Program: The bills require that, for establishments licensed to serve alcoholic beverages in Worcester County, the licensee or a supervisory employee designated by the licensee be certified by an approved alcohol awareness program and present during the hours in which alcohol may be sold on the premises. This requirement does not apply to a holder of a Class C license. The person certified by an approved alcohol awareness program may be absent from the licensed premises for a bona fide personal or business reason or an emergency, if the absence lasts for no more than two hours.

Additionally, ***Senate Bill 949***/***House Bill 999*** (1) specify that seven-day license holders may sell beer, wine, and liquor on sale or off-sale; (2) increase the maximum fine from $1,000 to $4,000 for individuals consuming alcoholic beverages on a premises open to the general public, any place of public entertainment, or a licensed premises and for the owner, operator, or manager for knowingly permitting consumption during prohibited hours; and (3) change the date from May 1, 2016, to July 1, 2014 for when an alcoholic beverages licensee may begin to elect to purchase wine and liquor from a licensed wholesaler in addition to or instead of from the department.

Part I
Financial Institutions, Commercial Law, and Corporations

Financial Institutions

During the 2013 session, there was no significant activity in the area of financial institutions.

Commercial Law – Generally

Mortgage Refinancing

A "refinance mortgage" is the repayment of an existing mortgage loan with funds from a new loan using the same property as security. Often the refinancing of a mortgage can help a homeowner achieve better loan terms such as lower interest rates. A refinance mortgage replaces the first mortgage. Accordingly, when a first mortgage is refinanced, the holder of an existing junior mortgage is asked to agree to subordinate so that the first loan holder preserves priority. However, the holder of a junior mortgage can refuse to sign the subordination agreement, and thus block the homeowner's ability to refinance the first mortgage.

To assist the homeowner, ***Senate Bill 199*/*House Bill 88* (both passed)** authorize a mortgagor or grantor to refinance in full the unpaid indebtedness secured by a residential first mortgage or deed of trust for a lower interest rate than in the first mortgage or deed of trust *without* the permission of the holder of a junior lien. This refinancing may occur if (1) the principal amount secured by the junior lien does not exceed $150,000 and (2) the principal amount secured by the refinance mortgage does not exceed the unpaid outstanding principal balance of the first mortgage or deed of trust, plus an amount to pay closing costs not exceeding $5,000.

Rental-Purchase Transactions

The Maryland Rental-Purchase Agreement Act governs the use of agreements to sell certain personal property such as furniture on a short-term rent-to-own basis. In order to ensure that consumers know the difference between the final purchase price of the rental property and its cash price, ***Senate Bill 589/House Bill 334*** ***(both passed)*** require a lessor in a rental-purchase transaction to deliver a summary of costs chart to a consumer before the consummation of the agreement. This information will enable consumers to make more informed decisions about whether to purchase an item through a rent-to-own transaction. The face of the summary of costs chart must disclose, as applicable (1) the cash price of the rental property; (2) the timing of payments for the rental property; (3) the total purchase price, if the purchaser complies with the payment schedule; and (4) the cost of lease services of the rental property. In addition, the lessor must include the rental property's cost of lease services on the face of the rental-purchase agreement. The bills update the sample rental agreement form and create a sample summary of costs chart. Any required disclosure must be in English or in any other language the lessor uses in an advertisement for the rental-purchase transaction.

Self-Service Storage Facilities

In Maryland there are more than 500 self-storage facilities. The Maryland Self-Service Storage Act, first enacted in 1983, governs transactions at those facilities and liens on property stored at them. ***Senate Bill 634/House Bill 1127*** ***(both passed)*** make a number of changes to the Act regarding notification of default, enforcement of a lien on stored property, and late fees.

For an occupant in default longer than 60 days, the bills authorize an operator of a self-service storage facility to tow or remove the occupant's motor vehicle or watercraft instead of selling the motor vehicle or water craft to enforce a lien. The operator must include a statement of this authorization, in bold type, in the rental agreement for the leased space. In addition, the operator is immune from civil liability for any damage to a motor vehicle or watercraft that occurs after the person that undertakes the towing or removal takes possession of the personal property.

The bills also alter how an operator must notify the defaulting occupant before selling personal property held in the leased space. The operator must notify the occupant of the default by hand delivery or any method of mailing that is offered by the U.S. Postal Service or private delivery service that provides evidence of mailing. The operator may also send notice through electronic mail, if the rental agreement or a written change to the rental agreement specifies that notice may be given by electronic mail but must send a second notice by verified mail to the occupant's last known postal address if the operator does not receive a response or confirmation of delivery sent from the occupant's electronic mail address. An operator may hold a lien sale on an online auction website. The bills also authorize an operator to charge a reasonable late fee for each month the occupant does not pay rent when due but require the rental agreement to include the amount and timing of the fee.

Commercial Law – Consumer Protection

Security Freezes – Children in Foster Care Settings

In recent years, the General Assembly has passed several bills enabling consumers to fight identity theft, including the placing of a security freeze on personal credit records. In 2012, protection of security freezes was extended to parents or guardians of children and those under guardianship, whose credit records were considered especially vulnerable to identity theft. ***Senate Bill 897*/*House Bill 1297* (both passed)** establish a mandatory process for placing security freezes on the records of children in foster care. The bills require a consumer reporting agency to place, on request of the Department of Human Resources (DHR), a security freeze for a child who is in the custody of a local department of social services and has been placed in a foster care setting. At least once a year, DHR must electronically transmit to each consumer reporting agency a list of children who are in the custody of a local department and have been placed in a foster care setting for the first time. DHR also must request a security freeze for each child on the list. The placement of a security freeze prohibits an agency from releasing the child's consumer report, any information derived from the consumer report, or any record created for the child.

If a consumer reporting agency does not have a file pertaining to a child when the agency receives a request for a security freeze from DHR, the agency must create a record for the child. If the agency has a file pertaining to the child, the local department of social services or the Montgomery County Department of Health and Human Services must act as the child's representative to resolve any issues with the file. The security freeze for a child must remain in effect until either the child or DHR requests the removal of the security freeze. A consumer reporting agency must place or remove a security freeze within 30 days after receiving a valid request. The exclusive remedy of a violation of a provision of the bills is a complaint filed with the Commissioner of Financial Regulation.

Senate Bill 897*/*House Bill 1297 also require the Department of Juvenile Services (DJS) to evaluate whether it is practicable, appropriate, and necessary for DJS to be authorized to make a request for a security freeze for the consumer record of each child in the custody of DJS. The bills require DJS to report its findings to the Senate Finance Committee and House Economic Matters Committee on or before December 1, 2013.

Maryland Consumer Protection Act

Scope of Act

The Maryland Consumer Protection Act (MCPA) prohibits a person from engaging in unfair or deceptive trade practices in connection with the sale, lease, or rental of consumer goods, consumer services, or consumer realty. An unfair or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers.

The Consumer Protection Division of the Office of the Attorney General (OAG) is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, hold a public hearing, seek an injunction, or bring an action for damages. A merchant who violates MCPA is subject to a fine of up to $1,000 for the first violation and up to $5,000 for each subsequent violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to $1,000, imprisonment for up to one year, or both.

House Bill 126 ***(passed)*** expands the scope of MCPA to include certain not-for-profit organizations. Specifically, the bill expands the definitions of "consumer," "consumer goods," and "consumer services" so that MCPA will protect fraternal, religious, civic, patriotic, educational, or charitable organizations that purchase, rent, or lease goods or services for the benefit of the members of the organizations.

Home Appliance Warranties

House Bill 1215 ***(passed)*** requires the Consumer Protection Division of OAG to conduct a study of the consumer protections available to purchasers of home appliances who seek enforcement of manufacturers' express warranties on the appliances. The division must consult with consumers and representatives of consumer advocacy organizations, manufacturers and retailers of home appliances, and the Association of Home Appliance Manufacturers. The division's final report to the Senate Finance Committee and House Economic Matters Committee on warranties is due by December 31, 2013.

Children's Online Privacy

As an extension of concern for children's privacy and the opportunity for various types of commercial and other abuse, ***Senate Bill 374*** ***(passed)*** requires OAG to convene and direct a workgroup to examine issues relating to the protection of children's privacy while using the Internet and mobile applications, including (1) the nature and extent of data collected about children through Internet-based and mobile application-based advertising and (2) current and forthcoming federal and state regulation of children's online privacy and online advertising and associated data collection. The workgroup must include representatives of State government, industry leaders, members of the academic community, and children's health advocates. In addition, OAG must invite representatives of relevant federal agencies to participate in the workgroup. OAG must submit the report for the workgroup to the Senate Finance Committee and House Economic Matters Committee by December 31, 2013.

Pricing of Emergency Goods and Services

House Bill 332 ***(failed)*** would have prohibited a person from selling or offering to sell essential goods and services, as defined in the bill, for a price more than 20% above the highest sales or rental price charged by the person between 4 and 60 days before the state of emergency. The prohibition would have lasted through the state of emergency and would have covered the same geographic area as the state of emergency. However, the person could have charged a price above that ceiling if the person could prove that the price increase was directly attributable to (1) additional costs imposed on the person by the supplier of the goods or (2) additional labor or material costs necessary to provide the services or to produce the goods. Violation of the bill's provisions would have been an unfair or deceptive trade practice under MCPA, subject to MCPA's civil penalties.

Corporations and Associations

Conversions

Conversions from one entity to another are not authorized by State statute. An entity may, however, cause the same effects by creating another entity and then merging with it. ***Senate Bill 697/House Bill 1140*** ***(both passed)*** authorize the conversion of a Maryland corporation to an "other entity" and an "other entity" to a Maryland corporation having capital stock, as well as similar conversions involving limited liability companies, real estate investment trusts, partnerships, limited partnerships, and statutory trusts.

"Other entity" is defined in the bills to mean a foreign corporation, a domestic limited liability company (LLC), a foreign LLC, a partnership, a limited partnership, a foreign limited partnership, a business trust, or another form of unincorporated business formed under state or federal laws or the laws of a foreign country. The term also may include other types of business entities, as specified in the bills, depending on the type of conversion authorized.

The bills establish procedures for the conversion of an entity to an "other entity" that include approving the conversion in a specified manner and filing for record with the State Department of Assessments and Taxation (SDAT) properly executed articles of conversion. In addition, the bills specify the required contents of articles of conversion, the effects of a conversion, the completion date of a conversion, and a method by which a conversion may be abandoned, and establish a fee for filing articles of conversion with SDAT. The effects of a conversion include the following:

- the converting entity ceases to exist and continues to exist as the other entity, and the other entity is deemed to be the same entity as the converting entity;
- all assets of the converting entity vest in and devolve on the other entity without further act or deed and are the property of the other entity;
- any licenses, permits, and registrations granted to the converting entity before the conversion are not affected, invalidated, terminated, suspended, or nullified;
- the other entity is liable for all the converting entity's debts and obligations;
- any existing claim, action, or proceeding pending by or against the converting entity may be prosecuted to judgment as if the conversion had not taken place, or, on motion of the other entity or any party, the other entity may be substituted as a party and a judgment against the converting entity constitutes a lien on the other entity's property;

- the rights of creditors or any liens on the property of the converting entity are not impaired;

- subject to the treatment of the converting entity's ownership interest under the articles of conversion and the rights of an objecting stockholder, member, shareholder, partner, or owner, the ownership interests of the converting entity's stockholders, members, shareholders, partners, or owners cease to exist and continue to exist as ownership interests in the other entity;

- any debts, obligations, or liabilities of the converting entity or the personal liability of any person incurred before the conversion are not affected; and

- unless otherwise provided in the articles of conversion, the converting entity is not required to wind up its affairs or pay its liabilities and distribute its assets, and the conversion does not constitute dissolution or a transfer of assets or liabilities of the converting entity.

Articles of conversion are effective on the later of the time SDAT accepts the articles for record or the future effective time of the articles as set forth in the articles accepted by SDAT. The effects of the conversion commence once the conversion is completed.

Document Filing and Processing

The State Department of Assessments and Taxation (SDAT) may accept corporate documents that are filed for record by fax machine, mail, or in person. Approximately 47,000 new businesses are registered in Maryland through these methods each year. On January 14, 2013, the Governor announced an online business registration system to streamline the process. The system, part of the ongoing effort *Maryland Made Easy*, will allow business owners to fill out and file the necessary forms to register a new business and establish a legal entity, register a new business trade name, register tax accounts with the Comptroller's Office, and review information regarding licensing requirements.

Senate Bill 622/House Bill 702 ***(Chs. 67 and 68)*** update the process and fees required to file corporate and other business entity documents with SDAT. The Acts require SDAT, on payment of a $425 fee, to process any document within two hours after the document is received by SDAT if the document is received at least two hours before the close of business. The Acts also authorize SDAT to (1) accept documents that are filed for record by electronic mail, facsimile transmission, and Internet transmission; (2) accept for preclearance, as defined by the Acts, specified documents on payment of a nonrefundable $275 fee; and (3) waive the requirement that an entity must file a resident agent's written consent before the entity may designate the person as the entity's resident agent.

The Acts apply prospectively and may not invalidate or otherwise affect any filings made with SDAT before their October 1, 2013 effective date.

Transfer of Real Property Tax Exemptions

Transfers of real property between a parent corporation and its subsidiary corporation or subsidiary corporations that are wholly owned by the same parent corporation are exempt from the recordation tax and State transfer tax if the transfer meets specified criteria. ***Senate Bill 202*/*House Bill 372* (both passed)** expand this exemption to limited liability companies and their subsidiaries.

Part J
Health and Human Services

Public Health – Generally

Medicaid

Budget

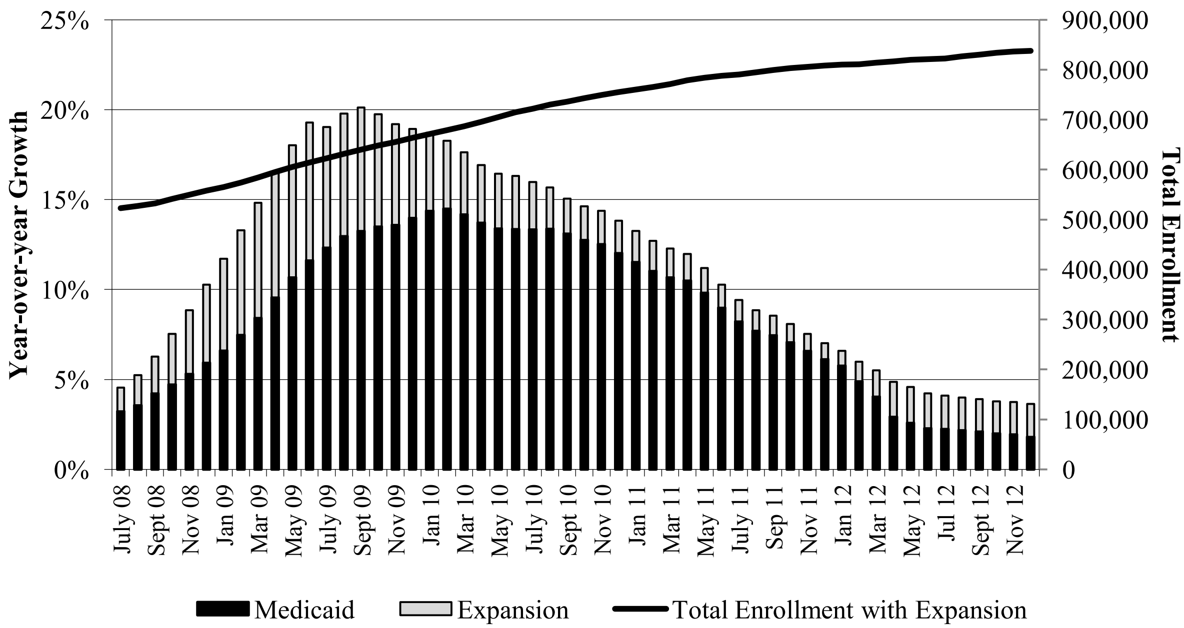
The Governor's fiscal 2014 budget for Medicaid, as introduced, included deficiency appropriations that reduced the fiscal 2013 budget by $72.6 million. Specifically, $21.3 million in special funds from the Cigarette Restitution Fund were added to the budget to reflect actions taken in Chapter 1 of the First Special Session of 2012 (the Budget Reconciliation and Financing Act (BRFA) of 2012). However, this increase was more than offset by a reduction of $93.9 million ($46.95 million general/federal funds) in fiscal 2013 Medicaid provider reimbursements. This reduction was based on favorable enrollment and utilization trends, case mix, a reduction in calendar 2013 Managed Care Organization (MCO) rates, and other factors.

Subsequently, the legislature further reduced the fiscal 2013 Medicaid budget by $61.4 million ($30.7 million general/federal funds) based on favorable enrollment and utilization trends. Although the Governor added $83.6 million in federal funds in a supplemental deficiency appropriation, this addition was primarily adding funds to support provider electronic health records as well as making technical adjustments to the appropriation rather than increasing services.

The final fiscal 2014 budget for Medicaid was just over $7.3 billion, an increase of $251 million, or 3.5%, over the fiscal 2013 working appropriation when adjusted for deficiencies and legislative actions. The expansion of Medicaid to 138% of the federal poverty level (FPL), effective January 1, 2014, consumes all of that growth and more. Indeed, Medicaid expansion is anticipated to cover 109,000 enrollees in the first half of calendar 2014 at a cost of almost $349 million. As provided for in the Patient Protection and Affordable Care Act (ACA), expansion costs are entirely supported by federal funds in the initial years. Given the impact of expansion on the fiscal 2014 budget, the underlying Medicaid program (*i.e.*, the nonexpansion population) is in fact supported despite a significant drop in State (general and special fund) support.

Specifically, the fiscal 2014 Medicaid budget anticipates the continuation of favorable enrollment and utilization trends, provides for limited rate increases, and contains few initiatives. Enrollment, which had been as high as 11.6% between fiscal 2010 and 2011, slowed to 6.7% between fiscal 2011 and 2012, and has fallen even further to 2.9% in fiscal 2013 year-to-date (see **Exhibit J-1**). There has also been evidence of a slight change in enrollment mix that would be expected to be beneficial in terms of spending trends. Specifically, enrollment growth in the disabled population has been negligible both in fiscal 2012 and 2013. The relative slowdown in disabled enrollment is important because enrollment in the disabled and elderly categories have a disproportionate impact on cost. In addition to favorable enrollment trends, Medicaid appears to be enjoying the benefit of favorable utilization trends. For example, growth in pharmacy costs are much lower than estimated, attributed to some major drugs moving to generic, as well as the impact of controls over certain antipsychotic medications.

Exhibit J-1
Medicaid
Year-over-year Average Monthly Enrollment
Fiscal 2009-2013 (through December)



Note: Fiscal 2013 data is through December 2012.
Source: Department of Health and Mental Hygiene; Department of Legislative Services

Further limiting growth are modest or negative provider rate increases. Rates for nursing homes and waiver services, for example, are below those that would be expected based on current regulations. Fiscal 2013 hospital inpatient and outpatient update factors are carried forward into fiscal 2014, effectively reducing expenditures by $7.2 million ($3.6 million general/federal funds). The fiscal 2014 impact of the 1.1% calendar 2013 MCO rate reduction produces anticipated savings of $31.6 million ($15.8 million general/federal funds). The largest area of increased rate support is the annualization of calendar 2013 rate increases for physician evaluation and management codes. However, even here, much of the cost is supported entirely by federal funds.

Any initiatives built into the Medicaid budget primarily rely on the availability of federal funds (for example, rebalancing of long-term care) and enhanced federal matching rates (for example, the development of chronic health homes), again limiting the impact on State funds.

Any growth in the Medicaid budget that required additional State funding is more than offset by a variety of other adjustments, cost savings, cost containment and other general fund offsets (for example, Community First Choice funding, Balancing Incentive Payment Program funding, and the assumption of a fiscal 2014 Children's Health Insurance Program Reauthorization Act Bonus award).

Important areas of cost savings include program changes made possible by ACA. The expansion of Medicaid to 138% of the FPL results in both the elimination of the Primary Adult Care program (a limited benefit program for childless adults with incomes up to 116% of FPL) effective January 1, 2014, for a savings of $60.8 million compared to fiscal 2013. The State also plans to move individuals who are currently enrolled or eligible for enrollment in certain medically needy enrollment eligibility categories (and thus covered with a 50% Federal Medicaid Assistance Percentage) to the new ACA expansion category, producing savings estimated at $84 million.

In addition to cost savings, the budget includes just under $20 million in cost containment actions. The actions are provided in **Exhibit J-2**.

Exhibit J-2

Medicaid
Proposed Fiscal 2014 Cost Containment Actions
Total Funds

Action	Amount
Quicker long-term care determinations	-$996,000
Reduce rate for durable medical equipment	-1,000,000
Limit observation room stays to 48 hours	-2,000,000
Verifying Medicaid eligibility	-2,053,000
Converting Medicaid to Medicare	-13,843,000
Total	**-$19,893,000**

Source: Department of Health and Mental Hygiene; Department of Legislative Services

It is also important to note that in addition to the specific cost containment proposals identified above, the budget assumes ongoing savings from a variety of cost containment actions imposed in fiscal 2013. This includes the proposal to return to tiered rates for outpatient and emergency room services, which was estimated to save $60 million ($30 million general/federal funds) in fiscal 2013 and is assumed to save the same amount in fiscal 2014.

To date it would appear that the level of savings generated from the cost containment action has not reached the levels anticipated. The failure to reach required savings levels reflects a delayed start in the implementation of outpatient tiering, and the failure of all hospitals to implement tiered rates (although the heaviest billers of Medicaid have done so). It has also been posited that the level of savings anticipated from tiered rates was too large. In any event, the BRFA of 2013 includes language authorizing the Health Services Cost Review Commission (HSCRC) to take actions to ensure that those savings assumed in the fiscal 2014 Medicaid budget occur. Specifically, if general fund savings from a combination of outpatient and emergency room tiered rates and a greater than budgeted savings from fiscal 2014 hospital update factors fall below $30 million, HSCRC must take other actions to ensure that level of savings to the Medicaid program.

Miscellaneous Changes to Medicaid

Chapters 579 and 580 of 2012 required insurers, nonprofit health service plans, and health maintenance organizations to cover and reimburse for health care services appropriately delivered through telemedicine. Similarly, ***Senate Bill 496*** ***(passed)*** requires the Medicaid program, under specified circumstances and unless otherwise specifically prohibited or limited by federal or State law, to reimburse a health care provider for a health care service delivered by telemedicine in the same manner as the same health care service is reimbursed when delivered in person. However, reimbursement by Medicaid for such services is required only if the service is medically necessary and is provided (1) for the treatment of cardiovascular disease or stroke; (2) in an emergency department setting; and (3) when an appropriate specialist is unavailable.

House Bill 228 ***(passed)*** modifies State law to further implement federal health care reform under ACA. Specifically, the bill expands Medicaid eligibility; establishes a dedicated funding stream for the Maryland Health Benefit Exchange (MHBE) from the insurance premium tax on health insurers; provides for the transition of Maryland Health Insurance Plan enrollees into MHBE; establishes a State Reinsurance Program; and establishes continuity-of-care requirements. For further discussion of the Maryland Health Progress Act of 2013, see the subpart "Health Insurance" within Part J – Health and Human Services of this *90 Day Report*.

Mental Health

Budget

After many years of significant budget deficits, the fiscal 2013 budget for the Mental Hygiene Administration (MHA), and specifically the community mental health services budget, was judged to be in surplus. This surplus was driven by a sharp reduction in adult inpatient claims (driven by efforts to reduce length-of-stay, divert individuals from hospital care, and better coordination of care for those leaving inpatient stays to prevent readmissions) and a continuing decline in residential treatment center utilization by children due to the availability of cheaper community-based alternative services. Part of the projected community mental health services surplus will be used to resolve prior year deficits that were rolled into fiscal 2013 ($4.2 million). The remainder ($7.2 million) was withdrawn by the Governor in the supplemental budget although almost $5 million was added to the fiscal 2013 appropriation for the Clifton T. Perkins hospital because of higher than anticipated overtime costs.

The final fiscal 2014 budget for MHA totaled just over $1.1 billion, an increase of $76 million, 7.1%, over the fiscal 2013 working appropriation when adjusted for deficiencies and legislative actions. The expansion of Medicaid to 138% of FPL, effective January 1, 2014, is anticipated to provide coverage for an additional 13,000 enrollees with a specialty mental illness in the first half of calendar 2014 at a cost of almost $28 million. As provided for in ACA, expansion costs for Medicaid-eligible services are entirely supported by federal funds in the initial years. However, some amount of non-Medicaid eligible services (*e.g.*, housing) is also expected to be provided with State general funds only.

Other major areas of growth in the fiscal 2014 MHA budget include (1) $14.2 million for a 2.54% rate increase for nonrate regulated community providers as well as to grant and contracts providers, representing the largest rate increase for these providers in the past decade; (2) $8.0 million to increase evaluation and management code rates for psychiatrists effective July 1, 2013; and (3) $6.7 million for enrollment and utilization growth in the underlying (nonexpansion) community mental health program. The expectation of limited enrollment and utilization growth assumes the continuation of existing favorable trends including a slowing in enrollment growth consistent with that for the Medicaid program as a whole.

Firearm Safety Act of 2013

Senate Bill 281 ***(passed)*** makes significant changes to mental health restrictions on the possession of firearms. For further discussion of the Firearm Safety Act of 2013, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Medical Marijuana

In 1996, California became the first state to allow the medical use of marijuana. Since then, 17 other states (as well as the District of Columbia) have enacted similar laws. States with medical marijuana laws generally have some form of patient registry and provide protection from arrest for possession of up to a certain amount of marijuana for medical use.

In Maryland, State law has allowed for medical necessity as an affirmative defense, but it has not provided a means for patients to actually obtain marijuana. ***House Bill 1101*** ***(passed)*** allows for the investigational use of marijuana for medical purposes. Specifically, the bill establishes, as an independent commission within the Department of Health and Mental Hygiene (DHMH), the Natalie M. LaPrade Medical Marijuana Commission to (1) develop requests for applications for academic medical centers to operate programs in the State; (2) approve or deny initial and renewal program applications; and (3) monitor and oversee programs approved for operation. The bill also establishes the Natalie M. LaPrade Medical Marijuana Commission Fund as a special, nonlapsing fund. The commission is required to administer the fund, which consists of any money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund (in accordance with any conditions adopted by the commission). The fiscal 2014 budget included $125,000 in Supplemental Budget No. 1 for start-up costs associated with ***House Bill 1101***. The commission must, during fiscal 2014, develop specified policies, procedures, regulations, and guidelines for the bill's implementation.

In addition, ***Senate Bill 580***/***House Bill 180*** ***(Chs. 61 and 62)*** establish that it is an affirmative defense, in a prosecution for the possession of marijuana or related paraphernalia, that the defendant possessed marijuana or paraphernalia because the defendant was a caregiver and the marijuana or paraphernalia was intended for medical use by an individual with a debilitating medical condition. For further discussion of these Acts, see the subpart "Criminal Law" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Food Allergies and Food Safety

Senate Bill 390/***House Bill 9*** ***(both passed)*** establish the Task Force to Study Food Allergy Awareness, Food Safety, and Food Service Facility Letter Grading. The task force is charged with studying and making recommendations regarding food allergy awareness and training, food safety training, and the use of systems for grading and classifying health inspection results for food service facilities in the State. The task force must also review food safety efforts at the State and local levels as well as study and evaluate mandated food service manager certification options, mandated food handler training options, and online food safety training programs for certification and recertification. In addition, the task force must study various issues related to food allergies and classification systems. The task force's findings and recommendations must be reported to the Governor, the Senate Finance Committee, and the House Health and Government Operations Committee. In addition, the bill requires a food establishment to, by March 1, 2014, display a specified poster related to food allergies. The department must create and make available on its website the required poster, as specified by the bill.

Children's Health

Tris (2-chloroethyl) phosphate (TCEP), one of several phosphorus-based flame retardants referred to as "TRIS" chemicals, is commonly added to certain plastics, fabrics, and foams (including those used in certain child care products) to reduce the ability of those materials to ignite and burn. The Agency for Toxic Substances and Disease Registry in the U.S. Department of Health and Human Services has advised that, although laboratory tests have linked exposure to TCEP with tumors and leukemia in rats, there is insufficient information to determine with certainty whether TCEP causes cancer in humans. However, TCEP has been identified as a chemical of high concern by several states as well as by the European Union and Canada. ***House Bill 99*** ***(passed)*** prohibits a person from importing, selling, or offering for sale specified child care products containing more than one-tenth of 1% (by mass) of TCEP. The Secretary of

Health and Mental Hygiene may suspend implementation of this prohibition if the Secretary determines that the fire safety benefits of TCEP are greater than the health risks associated with TCEP.

Lead poisoning is a serious medical condition caused by increased levels of lead in the body. Particularly hazardous for young children, lead poisoning interferes with the development of the nervous system and can cause permanent cognitive and behavioral disorders. ***House Bill 303*** ***(passed)*** establishes the Task Force to Study Point-of-Care Testing for Lead Poisoning to study and make recommendations regarding the use of (and reimbursement for) point-of-care testing to screen and identify children with elevated blood-lead levels. The task force must report its findings and recommendations to the Governor and specified committees of the General Assembly by January 1, 2014.

Disease Awareness and Prevention

Under ***Senate Bill 334***/***House Bill 312*** ***(both passed)***, a center where mammography testing is performed is required to include in a screening results letter that is sent to the patient, as required by federal law, a specified notice regarding breast density. If DHMH finds significant differences between the content of the notice and current medical evidence on breast density, the department may adopt regulations changing the content of the notice. The notice requirement does not apply if the federal Mammography Quality Standards Act of 1992 or regulations adopted under the Act require a notice regarding breast density to be included in the screening results letter that is sent to a patient. Furthermore, the bills may not be construed to (1) require a notice that is inconsistent with the Act or (2) create a standard of care, obligation, or duty that provides a basis for a cause of action.

The Virginia I. Jones Commission on Alzheimer's Disease and Related Disorders originally was established by executive order in 2011 and was tasked with making recommendations for a State plan to address the needs of individuals with Alzheimer's disease and related disorders (as well as their families and caregivers). The commission is codified, under ***Senate Bill 679***/***House Bill 690*** ***(both passed)***, as the Virginia I. Jones Alzheimer's Disease and Related Disorders Council. Among other tasks, the council is charged with continuing the work initiated by the commission, including the development and monitoring of the 2012 Maryland State Plan on Alzheimer's Disease and Related Disorders and improving access to and coordination of services and knowledge of the resources and information available to individuals with Alzheimer's disease and their family members and caregivers. The council terminates on September 30, 2016.

In addition to coordinating funds to reduce mortality and morbidity rates for cancer in Maryland and maintaining the Maryland Cancer Registry, DHMH produces a report, titled the *Maryland Comprehensive Cancer Control Plan*, which addresses possible environmental causes of certain cancers. Adding to the efforts to study and address cancer and causes of cancer in Maryland, ***Senate Bill 380***/***House Bill 1343*** ***(both passed)*** require the department, in consultation with the Maryland Department of the Environment, to convene a workgroup to examine issues relating to the investigation of potential cancer clusters in the State and potential environmental causes of cancer. The department must report to the Governor and the General Assembly on the workgroup's findings by June 30, 2014.

Miscellaneous Health Care Programs

The House Health and Government Operations Committee formed a workgroup during the 2012 legislative interim to study issues surrounding palliative care. Stemming from the recommendations of the workgroup, ***House Bill 581*** ***(passed)*** requires that at least five palliative care pilot programs be established in the State in hospitals with 50 or more beds. The pilot programs are to be selected by the Maryland Health Care Commission (MHCC) in a manner that ensures geographic balance in the State. The pilot programs are to (1) collaborate with palliative care or community providers to deliver care; (2) gather data on costs and savings to hospitals and providers, access to care, and patient choice; and (3) report to MHCC on best practices that can be used in the development of statewide palliative care standards. The bill also requires MHCC to report to the Senate Finance Committee and the House Health and Government Operations Committee on the findings of the pilot programs. The bill terminates November 30, 2016.

According to the Alcohol and Drug Abuse Administration, drug overdoses are a serious public health challenge in Maryland and across the country. To help prevent fatalities caused by opioid drug overdose when medical services are not immediately available, ***Senate Bill 610***/***House Bill 890*** ***(both passed)*** establish an Overdose Response Program in DHMH to authorize individuals (through the issuance of a certificate) to administer naloxone to an individual experiencing, or believed to be experiencing, opioid overdose. To qualify for a certificate, an individual must (1) be 18 or older; (2) have, or reasonably expect to have, as a result of the individual's occupation or volunteer, family, or social status, the ability to assist an individual who is experiencing an opioid overdose; and (3) successfully complete an educational training program offered by a private or public entity authorized by the department. The certificate authorizes the individual to (1) receive from a licensed physician or a licensed nurse practitioner, a prescription for naloxone and the necessary supplies for the administration of naloxone; and (2) possess prescribed naloxone and the necessary supplies; and (3) administer the naloxone, in an emergency, to an individual experiencing or believed by the individual to be experiencing an opioid overdose.

Chapter 166 of 2011 established the Prescription Drug Monitoring Program to monitor the prescribing and dispensing of Schedule II through V controlled dangerous substances in an effort to (1) assist prescribers, dispensers, and public health professionals in the identification and prevention of prescription drug abuse and the identification and investigation of unlawful prescription drug diversion and (2) promote a balanced use of prescription drug monitoring data. ***Senate Bill 80*** ***(passed)*** adds the Division of Drug Control to the list of entities to which the program must disclose prescription monitoring data. Data must be disclosed to the division, on approval of the Secretary of Health and Mental Hygiene, for the purpose of furthering an existing bona fide individual investigation.

Miscellaneous Public Health Issues

Telehealth is the use of electronic information and telecommunications technologies to support long-distance clinical health care, patient and professional health-related education, public health, and health administration. (Technologies include videoconferencing, streaming media, and terrestrial and wireless communications.) Telehealth is a broader term than telemedicine, which generally refers to direct medical interaction through telecommunications. ***Senate Bill 776/House Bill 934*** ***(both passed)*** express legislative intent that MHCC, in conjunction with the Maryland Health Quality and Cost Council, continue to study the use of telehealth throughout the State through the existing Telemedicine Task Force. The task force must consist of three existing advisory groups (clinical, technology solutions and standards, and financial and business model). The task force is required to identify opportunities to use telehealth to improve health status and health care delivery, assess factors related to telehealth, identify strategies for telehealth deployment in rural areas of the State, and study any other topic that MHCC finds necessary to make recommendations regarding the use of telehealth in the State. MHCC must submit an interim report to the Governor and specified committees of the General Assembly by January 1, 2014, and a final report by December 1, 2014.

During the 2012 interim, the Office of Health Care Quality (OHCQ) voluntarily convened an Abuser Registry Workgroup to examine issues relating to the creation of a health care facility abuser registry, *i.e.*, a registry that lists individuals implicated in abuse at a health care facility. The workgroup's report cited, among its concerns, (1) the absence of a clear national model for an abuser registry; (2) lack of consensus as to who should be able to access such a registry; (3) unresolved due-process issues; (4) potential conflicts with the role and authority of licensing boards; and (5) cost. The workgroup suggested several alternatives to establishing a registry. ***Senate Bill 355/House Bill 57*** ***(both passed)*** require OHCQ to reconvene the workgroup to (1) review the previous work of the workgroup; and (2) monitor the implementation of recommendations included in the workgroup's report relating to, among other things, initiating a National Background Check Program supported by a federal grant and educating the provider community about best practices for managing abuse and neglect. OHCQ is required to report the findings and recommendations of the workgroup, on or before January 1, 2014, to the Governor, the Senate Finance Committee, and the House Health and Government Operations Committee. The bills terminate June 30, 2014.

Senate Bill 632 ***(passed)*** establishes the State Brain Injury Trust Fund as a special, nonlapsing fund for the purpose of assisting in the provision of specified services to eligible individuals who have sustained brain injuries. The Secretary of Health and Mental Hygiene is required to administer the fund. The fund may be used to support prevention, education, and awareness programs; medical services; housing and residential services; durable medical equipment; assistive technology assessment and equipment; services to assist in the return to driving; evaluation and training related to the brain injury; educational needs; and services related to rehabilitation, neurobehavioral health, nursing home transition, community reentry, and transportation.

Health Occupations

Electronic Systems for Licensing

Currently, both the State Board of Nursing and the State Board of Social Work Examiners use electronic systems for licensing rather than printing and mailing paper licenses and renewal notices. These systems help to eliminate fraud and provide the most current information regarding licensure status. ***Senate Bill 593/House Bill 1115*** ***(both passed)*** authorize each health occupations board to develop a secure electronic system for the distribution of a renewed license, permit, certification, or registration. Any such system must be accessible to the public for verification of a current license, permit, certification, or registration. A system must provide the option of printing a verification of the status of a license, permit, certificate, or registration. The bills also clarify that all boards must investigate any alleged violation of their respective practice acts and that a person must have immunity from liability for giving information to any board or otherwise participating in a board's activities.

Expedited Licensure for Military Personnel and Veterans

Senate Bill 273/***House Bill 225*** ***(both passed)*** facilitate professional licensing for active military personnel, veterans, and their spouses. Health occupations boards must expedite the licensure, certification, or registration of such individuals and assign an advisor to assist the individual with the application process and provide specified information to assist in the licensing, certification, or registration process. For further discussion of ***Senate Bill 273***/***House Bill 225***, see the subpart "Business Occupations" within Part H – Business and Economic Issues and subparts "Primary and Secondary Education" and "Educational Alignment and Success" within Part L – Education of this *90 Day Report*.

Dental Hygienists

Senate Bill 459/House Bill 1121 ***(both passed)*** authorize dental hygienists, without the supervision of a dentist, to provide preliminary dental examinations, oral health education, basic health screenings, and referrals to a dental home on a *pro bono* basis at community-based health fairs.

Morticians and Funeral Directors

Authority to Discipline Funeral Establishments

In certain disciplinary cases under the State Board of Morticians and Funeral Directors, the board is able to discipline an individual but not the holder of the funeral establishment license for their potential role. ***Senate Bill 358***/***House Bill 314*** ***(both passed)*** authorize the board to discipline an applicant for, or the holder of, a funeral establishment license if with the knowledge or at the direction of the establishment (1) an unlicensed individual practices mortuary science or funeral direction for or within the establishment; (2) an employee fails to properly store a body or unlawfully embalms a body; or (3) an employee fails to comply with laws governing pre-need contracts.

Apprentice Sponsors

One of the basic requirements for licensure as a mortician or funeral director is the successful completion of an apprenticeship. ***Senate Bill 463/House Bill 529 (both passed)*** clarify the requirements for apprentice sponsors and require apprentices to provide certain evidence of participation in funerals and embalming. In particular, an apprentice sponsor must have a license in good standing with the board and be employed by the same funeral establishment as the apprentice.

Supervising Morticians

Under board regulations, a funeral establishment must employ and designate a supervising mortician who must be continuously responsible for the establishment. ***Senate Bill 463/House Bill 529*** require each funeral establishment to have a supervising mortician whose license is in good standing with the board and establish a registration process and related requirements for supervising morticians.

Nursing

In addition to the traditional pathway, nurses may be licensed in Maryland by endorsement if they are licensed in another state or country and meet requirements similar to those in Maryland. ***Senate Bill 501/House Bill 624 (both passed)*** authorize the State Board of Nursing to waive clinical experience requirements for applicants for licensure by endorsement if the applicant has graduated from an accredited program, submitted evidence of active nursing practice, and met other licensing requirements. Applicants for licensure by endorsement must have an active unencumbered license, submit an application form to the board, and submit to a criminal history records check.

Pharmacists and the Regulation of Pharmacies

Sterile Compounding and Sterile Drug Products

Compounding of prescription drugs is under scrutiny by the U.S. Food and Drug Administration (FDA) because of the emergence of firms with pharmacy licenses making and distributing drugs that operate more like drug manufacturers than pharmacies. In fall 2012, an outbreak of fungal meningitis was linked to an injectable steroid medication produced by a sterile compounding facility in Massachusetts. More than 725 patients were infected in 20 states, including 26 patients in Maryland. Additionally, 48 deaths, including 3 in Maryland, were linked to these injections.

State Board of Pharmacy regulations govern licensed pharmacies in Maryland engaging in compounding or mixing sterile prescription solutions or suspensions and compounding radiopharmaceuticals. However, these regulations do not apply to nonresident (out-of-state) pharmacies or other facilities. To strengthen regulation of sterile compounding, ***House Bill 986 (passed)*** establishes three mechanisms to regulate facilities or practitioners that perform "sterile compounding" or distribute a "sterile drug product" into or within Maryland. First, the bill requires a "sterile compounding facility" (including a pharmacy, a health care practitioner's office, or any other setting in which sterile compounding is performed) to hold a sterile compounding permit from the board. Second, the bill requires a person that prepares and distributes sterile drug products into or within the State to hold both a manufacturer permit or other permit from FDA and a wholesale distributor permit from the board. Finally, the board is authorized to issue a waiver to a sterile compounding facility or a person that distributes a sterile drug product under specified circumstances.

Wholesale Distribution

Senate Bill 595/House Bill 591 (both passed) limit the ability of a pharmacy permit holder to engage in wholesale distribution of drugs. A pharmacy permit holder may conduct wholesale distribution if the wholesale distribution does not exceed 5% of annual sales and the permit holder maintains records of wholesale distribution separately from other records and makes such records available to the board for inspection. A pharmacy permit holder that obtains a waiver from the board (commonly known as a "waiver pharmacy") may conduct wholesale distribution only with another pharmacy permit holder. A retail pharmacy may conduct wholesale distribution with another pharmacy permit holder and, under specified circumstances, with a wholesale distributor. To conduct wholesale distribution with a wholesale distributor, a retail pharmacy must report the activity to the board, maintain separate records of wholesale distribution with wholesale distributors, and make such records available for inspection by the board. The bills are intended to close existing loopholes in Maryland law to prevent pharmacies from acting as wholesale distributors for the purpose of inflating prescription drug prices.

Pharmacies That Only Dispense Devices

Durable medical equipment providers that dispense prescription devices but not prescription drugs have sought licensure as pharmacies but have found the expense of having a pharmacy license prohibitive. ***Senate Bill 761/House Bill 868 (both passed)*** authorize the board to waive certain requirements for pharmacies that only dispense prescription devices in accordance with rules and regulations adopted by the board.

Administration of Vaccinations

The practice of pharmacy includes administering vaccinations under specified circumstances. ***Senate Bill 401/House Bill 179 (both passed)*** expand the authority of pharmacists to administer vaccinations and modify vaccination reporting requirements. For individuals age 11 to 17, a pharmacist may administer a vaccination listed in the U.S. Centers for Disease Control and Prevention's (CDC) recommended immunization schedule if the individual has a prescription. For adults, a pharmacist may administer any CDC-recommended vaccination or certain vaccinations required for travel if the vaccination is administered under specified protocols. A prescription is not required to administer vaccinations to individuals age 18 or older. Pharmacists are required to report all vaccinations administered to ImmuNet, Maryland's immunization registry. If the vaccination is administered in accordance with a prescription, pharmacists must document at least one effort to inform the prescriber that the vaccination was administered. Excluding flu vaccines, if the prescriber is not the individual's primary care provider or the vaccination is not administered in accordance with a prescription, pharmacists must document at least one effort to inform the individual's primary care provider or other usual source of care that the vaccination was administered.

Physicians and Allied Health Professions

State Board of Physicians

The Department of Legislative Services (DLS) completed a full sunset evaluation of the State Board of Physicians (MBP) and its advisory committees in November 2011, offering 46 recommendations related to licensing, complaint resolution, board resources, and other issues. As a result of the sunset findings, MBP entered into a memorandum of understanding with the University of Maryland, Baltimore (UMB) to conduct an independent review of the board. In July 2012, UMB issued a report to MBP containing 18 recommendations, most of which related to the board's complaint resolution process. ***Senate Bill 672*/*House Bill 1096* (both passed)** implement most of DLS' recommendations and the recommendations contained in UMB's report to MBP. The bills also extend the termination date of MBP and its six allied health advisory committees by five years to July 1, 2018, and require DLS to conduct a direct full evaluation of MBP by October 30, 2016.

Most notably, the bills establish two disciplinary panels, each consisting of 11 members, through which allegations of grounds for disciplinary action must be resolved. To provide sufficient membership to divide the board into two disciplinary panels, total board membership is increased from 21 to 22 members by adding a second licensed physician with a full-time faculty appointment to serve as a representative of an academic medical institution in the State.

The bills require that a summary of charges filed against a licensee and a copy of the charging document be posted on the licensee's online profile until the board takes action on or rescinds the charges. The bills also consolidate and delineate board powers and duties. In 2013 through 2018, MBP must annually report to specified committees of the General Assembly on its progress in addressing issues identified by the DLS sunset evaluation and the UMB report. MBP is also required to adopt regulations that allow a licensed physician to earn up to five continuing education credits per renewal period for providing uncompensated, voluntary medical services.

Physicians

Expired License or Misrepresentation of Licensure: MBP has the authority to sanction an individual for practicing medicine without a license but did not have authority to sanction an individual who continues to practice on an expired license or misrepresents to the public that he or she is licensed to practice medicine. ***Senate Bill 690*/*House Bill 900* (both passed)** establish that a person who misrepresents to the public that the person is authorized to practice medicine or a licensee who fails to renew a license is (1) guilty of a felony and on conviction is subject to a fine of up to $10,000 and/or imprisonment for up to five years and (2) subject to a civil fine of up to $50,000 to be levied by MBP, payable to the State Board of Physicians Fund. These penalties do not apply to a licensee who fails to renew if the licensee has applied for renewal, including payment of the renewal fee, within 60 days of the expiration of the license.

Cease and Desist Orders and Injunctive Action: MBP may issue a cease and desist order or obtain injunctive relief for practicing medicine without a license. In some instances, MBP would like to order a licensee to cease performing a specific act (*i.e.,* prescribing controlled dangerous substances) rather than summarily suspending the entire license. ***Senate Bill 981/House Bill 1296 (both passed)*** authorize MBP to issue a cease and desist order or obtain injunctive relief against an individual for taking any action (1) for which MBP determines there is a preponderance of the evidence of grounds for discipline under the Medical Practice Act and (2) that poses a serious risk to the health, safety, and welfare of a patient.

Consultation, Qualifications for Licensure, and Representation to the Public: Senate Bill 942 (passed) and ***House Bill 1313 (passed)*** specify the circumstances under which a physician engaged in consultation in the State may practice medicine without a license. The bills also authorize an applicant for a physician license who has failed certain examinations three or more times to qualify for a license under specified circumstances. The bills clarify that a physician may not represent that he or she is board certified unless he or she meets the definition of "board certified." Finally, the bills require MBP to send renewal notices by either electronic mail or first-class mail to the last known electronic or physical address of the licensee. If MBP sends renewal notices exclusively by electronic mail, it must send such a notice by first-class mail on request of the licensee.

Physician Assistants

X-Ray Duties: Generally, an individual must be a licensed radiographer in order to perform X-ray duties. ***House Bill 218 (passed)*** authorizes a physician assistant (PA) who has completed a specified training course to perform certain nonfluoroscopic X-ray procedures of the extremities only under a delegation agreement approved by MBP that includes a request to perform such X-ray procedures as an advanced duty.

Authority to Practice: Senate Bill 460/House Bill 723 (both passed) expand the types of forms and authorizations a PA may complete, authorizing a PA to (1) for purposes of authorizing an individual age 15, 16, or 17 to marry, complete a certificate stating that the PA has examined the individual and found she is pregnant or has given birth to a child; (2) provide the date of birth and medical information required on a birth certificate; (3) fill out and sign a death certificate; (4) file a replacement death certificate; (5) serve as a witness to a written or oral advance directive; (6) if physically present on the scene with the patient, provide an oral emergency medical services "do not resuscitate order"; (7) update or complete a "Medical Orders for Life-Sustaining Treatment" form; (8) certify certain medical conditions or disabilities for an applicant to qualify for a special disability registration number and plates from the Motor Vehicle Administration (MVA); and (9) certify the existence of a permanent disability for an applicant for a temporary or permanent parking placard from MVA.

Polysomnographic Technologists

Senate Bill 951/House Bill 879 ***(both passed)*** alter reinstatement provisions and add a new ground for disciplinary action for polysomnographic technologists. A licensed physician is prohibited from employing or supervising an individual practicing polysomnography without a license. Likewise, a hospital, related institution, alternative health system, or employer is prohibited from employing an individual practicing polysomnography without a license. MBP may impose a civil penalty of up to $5,000 for a violation of these prohibitions, payable to the general fund. The current civil penalty of up to $5,000 for a violation of the Maryland Polysomnography Act is expanded to apply to any violation of the Act rather than only to misrepresentation. This penalty is payable to the State Board of Physicians Fund.

Professional Counselors and Therapists

House Bill 56 ***(passed)*** requires all applicants for a license or certificate from the State Board of Professional Counselors and Therapists to submit to a criminal history records check (CHRC). An additional CHRC must be performed every six years. The bill also creates a new ground for disciplinary action if an applicant, licensee, or certificate holder fails to submit to a CHRC as required under the bill.

Social Workers

House Bill 806 ***(passed)*** makes multiple revisions to the Maryland Social Work Practice Act, including requiring applicants for a license from the State Board of Social Work Examiners to submit to a CHRC and, if required by the board, a mental or physical competency examination, and enhancing civil and criminal penalties for violating the Act. Additionally, the bill clarifies and alters several of the grounds for disciplinary action by the board, enhances the current criminal and misdemeanor penalties for a violation of the Act, and increases the civil fine the board may impose on a licensee. The bill also renames the social work associate license the bachelor social work license (LBSW) and prohibits an LBSW from engaging in private practice.

Sunset Evaluation and Related Legislation

Approximately 70 entities, including each of the boards regulated under the Health Occupations Article, are subject to periodic evaluation conducted by DLS in accordance with the Maryland Program Evaluation Act. The Act establishes a process better known as “sunset review” as most agencies evaluated are also subject to termination or “sunset.” In 2012, DLS conducted preliminary sunset evaluations of, and recommended that full evaluations be waived for, the State Acupuncture Board, the State Board of Dietetic Practice, and the State Board of Occupational Therapy Practice. The General Assembly reauthorized all three boards for an additional 10 years through ***Senate Bill 237/House Bill 206*** ***(both passed)***.

Health Care Facilities and Regulation

Hospitals

As a condition of licensure, a hospital is required to (1) establish a credentialing process for physicians who are employed by, or who have staff privileges at, the hospital and (2) use the uniform standard credentialing form as the initial application of a physician seeking to be credentialed. ***Senate Bill 798*/*House Bill 1042* (both passed)** authorize a hospital, in its credentialing and privileging process for a physician who provides medical services to patients at the hospital only by "telemedicine" from a distant-site hospital or telemedicine entity, to rely on the credentialing and privileging decisions made for the physician by the distant-site hospital or telemedicine entity as authorized under specified federal regulations. However, a hospital may do so only if (1) the physician holds a license to practice medicine in Maryland and (2) the medical staff of the hospital approves and recommends the credentialing and privileging decisions to the hospital's governing body.

A hospital patient's status as either inpatient or outpatient can impact a patient's out-of-pocket health care costs significantly. In general, out-of-pocket obligations are considerably higher for outpatient services. ***Senate Bill 195*/*House Bill 1062* (both passed)** require a hospital to provide oral and written notice to a patient of the patient's outpatient status, the billing implications of the outpatient status, and the impact of the outpatient status on the patient's eligibility for Medicare rehabilitation services. Specifically, a hospital must provide such notice if (1) the patient receives on-site services (including a hospital bed and meals provided in an area of the hospital other than the emergency room) from the hospital for more than 23 consecutive hours and (2) the patient is classified as an outpatient at the hospital for observation rather than as an admitted inpatient.

Shore Health System, now part of the University of Maryland Medical System, seeks to sell a majority share in the digestive disease services facility (Shore Health Digestive Health Center) to the gastroenterology physician group that practices at the facility. This action is intended to help retain a viable gastroenterology practice at the hospital given the shortage of such specialists on the mid-shore. In order to facilitate the sale, ***Senate Bill 151*/*House Bill 373* (both passed)** permit deregulation of the facility's rates if the hospital notifies the Health Services Cost Review Commission by June 1, 2013.

Miscellaneous Health Care Facilities and Regulation

Recently, an infectious outbreak that occurred in a cosmetic surgical center in the State raised questions about the adequacy of oversight of cosmetic surgery procedures. The regulatory environment related to cosmetic surgery centers and medical spa facilities provides for limited oversight by the Department of Health and Mental Hygiene. Physicians who perform cosmetic surgery in the State must be licensed, and State law authorizes the State Board of Physicians to discipline licensees who perform cosmetic surgical procedures in offices or facilities that are not accredited by specified accrediting organizations or that are not certified to participate in the Medicare program. However, many cosmetic surgery centers are not subject to licensure or inspection by the department. ***House Bill 1009*** ***(passed)*** authorizes the Secretary of Health and Mental Hygiene to adopt regulations to regulate cosmetic surgical facilities. The regulations must include deeming of a cosmetic surgical facility to meet specified requirements if the facility is accredited by an organization named in the bill. The Secretary is authorized to investigate complaints concerning the conformance of cosmetic surgical facilities to such regulations. If the complaint concerns health care practitioner performance or standards of medical practice, the complaint must be referred to the appropriate health occupations board.

According to the department, interstate staffing agencies – such as those that secured employment for the health care worker at the center of a recent hepatitis C outbreak – are largely unregulated nationwide, creating risks for patients and health care facilities. ***Senate Bill 1057*** ***(passed)*** expands current regulatory requirements that apply to a nursing staff agency to apply more broadly to any health care staff agency. A health care staff agency must be licensed by the Office of Health Care Quality before referring a health care practitioner (*i.e.*, a licensed practical nurse, registered nurse, certified nursing assistant, or individual who practices in an allied health care field) to a hospital or related institution in the State. Furthermore, a health care staff agency can be deemed for licensure by obtaining accreditation from an approved accreditation organization under the same circumstances currently granted to a health care facility.

Health Insurance

Health Reform Implementation

Maryland Health Progress Act of 2013

The federal Patient Protection and Affordable Care Act (ACA) requires states that elect to operate a health benefit exchange to implement the exchange by January 1, 2014, and to be self-funded beginning January 1, 2015. The exchanges are intended to provide a marketplace for individuals and small businesses to purchase affordable health coverage. ACA also expands Medicaid eligibility beginning January 1, 2014, to nearly all individuals younger than age 65 with incomes up to 138% of federal poverty guidelines (FPG). (Although the ACA specifies that Medicaid expansion is for income up to 133% FPG, it also requires the first 5% of income to be disregarded in determining eligibility, effectively raising the threshold to 138% FPG.) In 2012, the U.S. Supreme Court ruled that states may choose whether or not to participate in the Medicaid expansion.

Legislation enacted in 2011 and 2012 established and then expanded the operating structure of the Maryland Health Benefit Exchange (MHBE) to implement federal health care reform under ACA. The Maryland Health Progress Act of 2013, ***House Bill 228*** ***(passed)***, modifies State law to further implement health care reform by expanding Medicaid eligibility, establishing a funding stream for MHBE, providing for the transition of Maryland Health Insurance Plan (MHIP) enrollees into MHBE, establishing a State Reinsurance Program, establishing continuity-of-care policies, and making clarifying and administrative changes.

Medicaid Expansion: ***House Bill 228*** expands Medicaid eligibility, effective January 1, 2014, to children ages 6 through 18 and adults younger than age 65 with family or household incomes up to 138% FPG and former foster care adolescents up to age 26.

MHBE Financing: The legislation also establishes a dedicated funding stream for MHBE from the insurance premium tax paid by health insurers, excluding managed care organizations (MCOs) and for-profit health maintenance organizations. Beginning January 1, 2015, an amount must be distributed annually to the MHBE Fund that is sufficient to fully fund the operation and administration of MHBE. In fiscal 2015, the Governor must provide an annual appropriation in the State budget for MHBE of no less than $10 million. Annually thereafter, the appropriation must be no less than $35 million. Any unspent funds revert to the general fund at the end of each fiscal year.

Transition of MHIP Enrollees: ***House Bill 228*** requires that enrollment in MHIP be closed as of December 31, 2013. The MHIP Board, in consultation with MHBE, must determine the appropriate date on which the plan must decline to reenroll existing plan members. The date on which coverage will no longer be provided must be no earlier than January 1, 2014, and no later than January 1, 2020.

State Reinsurance Program: To mitigate the impact of high-risk individuals on rates in the individual insurance market inside and outside MHBE, ***House Bill 228*** authorizes MHBE to establish a State Reinsurance Program on or after January 1, 2014. To fund the program, the legislation authorizes the use of the hospital assessment that currently funds MHIP.

Continuity-of-care Policies: ***House Bill 228*** establishes policies to promote continuity-of-care for individuals who switch insurance policies and move in and out of Medicaid and commercial insurance. The policies generally require a receiving carrier or MCO to accept preauthorization from a relinquishing carrier, MCO, or third-party administrator for treatment of covered services for specified time periods. The policies also generally require carriers and MCOs to allow nonparticipating providers to continue health care services for these specified time periods. The receiving carrier or MCO must pay the nonparticipating provider the rate and use the method of payment the carrier or MCO would normally pay and use for similar participating providers.

Consolidated Services Center, Captive Producers, and Application Counselors: ***House Bill 228*** authorizes MHBE to establish a consolidated services center (or call center), which may employ individuals to assist the Small Business Health Options Program (SHOP) Exchange or the Individual Exchange. In addition, the legislation authorizes captive producers (insurance producers who have an exclusive appointment with a single carrier) to transition a carrier's existing enrollees into a qualified plan in the exchange and provide enrollment assistance for individuals who contact the carrier. MHBE may designate community-based organizations, health care providers, and other entities as application counselors to provide enrollment services.

Other Provisions: ***House Bill 228*** establishes certification requirements and an appeals process for qualified health plans, specifies rules for employer premium contributions made on behalf of employees, authorizes MHBE to establish requirements relating to qualified vision and dental plans, and delineates the respective rights and responsibilities of MHBE, carriers, and consumers when MHBE assumes certain functions on behalf of carrier. The legislation also establishes study and reporting requirements relating to continuity-of-care policies, tobacco use rating, the captive producer program, and pediatric dental benefits.

Repeal and Revision of State Law to Conform with and Implement Federal Law

Under ACA, a number of insurance reforms will take effect January 1, 2014, including guaranteed issuance of individual insurance plans, a prohibition on preexisting condition exclusions, and restrictions on premium rates. ***House Bill 360*** ***(Ch. 106)*** repeals provisions of insurance law that are obsolete under ACA or other federal or State law. Repealed provisions include notice requirements relating to preexisting conditions and requirements that certain catastrophic health insurance policies provide coverage up to a specified limit.

House Bill 361 ***(passed)*** also alters State insurance law to implement and conform to ACA and corresponding federal regulations adopted by the federal Centers for Medicare and Medicaid Services (CMS). Changes to State insurance law include expanding the Insurance Commissioner's authority to enforce specific ACA requirements, such as annual limits on cost sharing and minimum benefit requirements for catastrophic plans, clarifying which current laws will apply only to health benefit plans that are either grandfathered plans or plans issued before January 1, 2014, adding new open and special enrollment periods for the individual and small employer markets, and applying certain requirements on individual health benefit plans to bona fide association plans.

Notice to Insureds of Proposed Rate Increases

Changes to health insurance rates in the small group and individual markets are reviewed by the Maryland Insurance Administration (MIA). Health insurance carriers must submit consumer-oriented documents to MIA about any proposed rate changes. Consumers can read the carrier's justification for the request and submit comments during a 30-day public review period. ***Senate Bill 769*** ***(passed)*** requires health insurance carriers to annually provide notice to insureds and enrollees and post a notice on their websites that an insured or enrollee may access information about proposed rate increases and submit comments on MIA's website.

Mental Health and Substance Use Benefits

The federal Mental Health Parity and Addiction Equity Act (MHPAEA) requires group health plans and health insurance carriers to ensure that financial requirements (such as co-pays, and deductibles) and treatment limitations (such as visit limits) applicable to mental health or substance use disorder benefits are no more restrictive than the predominant requirements or limitations applied to substantially all medical and surgical benefits. Effective January 1, 2014, health plans sold in the individual and small group markets, including plans sold in health benefit exchanges, must comply with MHPAEA.

Notice of Required Benefits and Authorization Forms

Senate Bill 581/House Bill 1216 ***(both passed)*** require a health insurance carrier to provide on its website and annually in print to members and insureds notice about the benefits required under the State mental health and addiction parity law and, if applicable, MHPAEA, and that the member may contact MIA for further information about the benefits. A carrier must also post a release of information authorization form on its website and provide the form by standard mail within 10 business day after a request is received. MIA must post a notice on its website that (1) complaints regarding noncompliance with MHPAEA may be filed with the Insurance Commissioner; (2) an insured may obtain assistance in filing a complaint with a carrier or MIA from the Health Education and Advocacy Unit in the Office of the Attorney General; (3) an insured may obtain a copy of his or her health insurance policy or contract and should contact the carrier for the copy; and (4) an insured may request a referral to a specialist who is not part of the carrier's provider panel under specified circumstances.

Utilization Review Criteria and Standards

Utilization review is the process by which a carrier determines whether proposed and delivered medical services are medically necessary and will be reimbursed. ***Senate Bill 582/House Bill 1252*** ***(both passed)*** require carriers and other health care entities that provide for utilization review of health care services to ensure that the criteria and standards used in conducting utilization review for mental health and substance use benefits are in compliance with MHPAEA.

Vision Provider Contracts

Senate Bill 904/House Bill 1160 ***(both passed)*** prohibit a carrier in a vision provider contract from requiring a vision provider to provide services that are not "covered services" at a fee set by the carrier, provide discounts on materials that are not covered benefits, or participate in a capitated vision provider panel as a condition of participation in a fee-for-service vision provider panel. A carrier may require a vision provider, as a condition of participation in a non-HMO vision provider panel or an HMO vision provider panel, to participate in an MCO.

Social Services

The Elderly

The Aging and Disability Resource Center Program

In 2003, the federal Older Americans Act established the Aging and Disability Resource Center (ADRC) Program. The purpose of the program was to issue grants to help states establish a coordinated system for providing long-term care. Maryland implemented the program by establishing 20 ADRCs throughout the State and the program became known as the "Maryland Access Point" in the Department of Aging. More recently, Maryland obtained authorization and funding from the Balancing Incentive Program (BIP), which was established under the federal

Patient Protection and Affordable Care Act to increase the use of home-based and community-based services. In part, participation in BIP requires detailed statutory authority for the ADRC Program. ***Senate Bill 83*** ***(passed)*** is a departmental bill that codifies and formally establishes the ADRC Program. The bill specifies that the program is the State's ADRC for purposes of the federal Older Americans Act, allowing for the streamlining of program administration and maximization of federal funds. The bill also establishes the statutory authority of Maryland Access Point as the State's designated single entry point for assistance with long-term supportive services. The requirements of the bill meet the standards for Maryland's participation in the BIP.

The Disabled

Budget for the Community Services Program

Providing services to individuals in a community-based setting rather than an institution continues to be the model of service delivery pursued by the Developmental Disabilities Administration (DDA). Actions taken through the supplemental budget increased DDA's fiscal 2013 working appropriation by just over $18.1 million. Additional general funds were appropriated to address deficiencies related to requests for service change ($3.8 million) and to compensate developmental disabilities providers for lost income based on a fiscal 2012 change in reimbursement policies for absence days in residential, day, and supported employment services ($0.8 million). Federal funds increased to more accurately reflect Medicaid waiver enrollment within the program ($13.6 million). After accounting for these supplemental appropriations, the fiscal 2013 working appropriation for the Community Services Program totals $862.1 million.

As proposed by the Governor, the fiscal 2014 budget for the Community Services Program totaled $900.9 million. This is $38.8 million greater than the adjusted fiscal 2013 working appropriation. However, it is difficult to compare the fiscal 2014 budget to the current year's working appropriation because spending is growing by more than $38.8 million. More specifically, spending growth is attributable to five areas: (1) fiscal 2014 expansion costs ($27.1 million); (2) a 2.46% rate increase for providers ($21.3 million); (3) the annualization of fiscal 2013 placements ($12.3 million); (4) increased funding for resource coordination ($6.9 million); and (5) funding to compensate developmental disabilities providers for lost income related to absence day payments ($0.8 million). It is important to note that funding for absence day payments was not included in the Governor's allowance; rather, the General Assembly restricted funding to that purpose. The sum of these four initiatives totals $68.4 million. This spending is supported in three ways: (1) additional funding above the fiscal 2013 working appropriation ($38.8 million); (2) refined budget cost assumptions ($27.3 million); and (3) funding spent on one-time services in fiscal 2013 that was not removed from the agency's budget in fiscal 2014 ($2.3 million).

Changes in the Developmental Disabilities Administration's Fiscal Oversight

During the fiscal 2011 closeout, various concerns were raised about DDA's stewardship of funds, and additional concerns arose during the administration's fiscal 2012 budget closeout as the agency reported a $5.4 million general fund deficit. DDA's inability to accurately budget is the result of underlying weakness in the agency's provider payment system, weakness the Department of Health and Mental Hygiene is trying to remedy. Among other things, the department has procured a consultant to provide recommendations for improving DDA's current financial management system. The consultant is also tasked with developing the draft specifications for a request for proposal that DDA will be issuing in the fall of 2013 to procure a modern financial management system, which will address the major underlying inefficiencies of both the payment and revenue systems. DDA also plans to reorganize effective July 1, 2013, to improve accountability in the Community Services Program.

Children

Housing and Supportive Services for Unaccompanied Homeless Youth

***Senate Bill 764*/*House Bill 823* (both passed)** establish the Task Force to Study Housing and Supportive Services for Unaccompanied Homeless Youth between the ages of 14 and 25. The task force, chaired by a representative from the Governor's Office for Children, will compile information on the needs of unaccompanied homeless youth and identify the gaps in public- and private-sector programs and resources available to meet those needs. The task force must report its findings and recommendations to the Governor and the General Assembly by November 1, 2013.

Children in Need of Assistance

***Senate Bill 86* (Chapter 22)** allows a former child in need of assistance who leaves foster care at age 18 to receive services under a voluntary placement agreement with the local department of social services. For a further discussion of Senate Bill 86, see subpart "Family Law" within Part F – Courts and Civil Proceedings of this *90 Day Report*.

Foster Youth Summer Internship Pilot Program

***Senate Bill 752*/*House Bill 1119* (both passed)** require the Department of Budget and Management, with the assistance of the Department of Human Resources, to develop and implement a two-year Foster Youth Summer Internship Pilot Program. The pilot program's purpose is to provide State government internships to foster youth, or former foster youth, between the ages of 15 and 25. The bill takes effect January 1, 2014, and requires an evaluation of the pilot program and a report to the Senate Budget and Taxation Committee, the Senate Finance Committee, and the House Appropriations Committee on or before October 31, 2015.

Family Investment Program

The Family Investment Program (FIP) provides supportive services and financial aid to qualifying families to help them achieve and maintain self-sufficiency. The Family Investment Administration of the Department of Human Resources is the central coordinating and directing agency for the program which is administered by local departments of social services. During the 2013 legislative session, the General Assembly passed two bills establishing pilot programs for FIP.

Couples Advancing Together Pilot Program

House Bill 333 ***(passed)*** requires the department to establish a "Couples Advancing Together" Pilot Program with the help of the local departments of social services and the Commission on Responsible Fatherhood. The program aims to assist 100 couples in at least three counties that qualify for FIP to move toward stable relationships and employment. The Secretary of Human Resources must report annually to the Senate Finance Committee and the House Appropriations Committee on participation rates, successful completion rates, factors that affect program participation, the number of participants who obtain employment, and the employment and benefit details for those participants who obtain employment.

Earned Income Disregard Pilot Program

The department calculates the Temporary Cash Assistance (TCA) benefit for eligible recipients by counting no more than four weeks of earned income in any month and disregarding 40% of that earned income. ***Senate Bill 686*** ***(passed)*** establishes a three-year Earned Income Disregard Pilot Program that disregards a higher percentage of earned income in TCA benefit calculations for specified participants. The bill requires that:

- the department and the local departments of social services establish the pilot program in a county with two district offices so that one district office can be used for comparison purposes; and

- when pilot participants start working at least 25 hours a week, their benefits are computed by counting no more than four weeks of earned income in any month and disregarding 100% of earned income for the first three months of employment, 60% for the next six months, and 40% for employment exceeding nine months.

The bill also requires an evaluation of the pilot program and an interim report to the Senate Finance Committee, the House Appropriations Committee, and the Joint Committee on Welfare Reform on or before September 30, 2016, and a final report on September 30, 2017.

Part K
Natural Resources, Environment, and Agriculture

Natural Resources

Boating

Boating Revenue Increase and Vessel Excise Tax Cap

The State Boat Act, enacted in 1960, governs boating in the State. Any revenue the Department of Natural Resources (DNR) collects under the State Boat Act is credited to DNR's Waterway Improvement Fund (WIF). WIF finances projects and activities that promote, develop, and maintain Maryland's waterways for the benefit of the boating public. Among other things, WIF is used to (1) mark channels and harbors and establish aid to navigation; (2) clear debris, aquatic vegetation, and obstructions from State waters; (3) dredge channels and harbors and construct jetties and breakwaters; (4) construct and maintain marine facilities beneficial to the boating public; (5) provide matching grants to local governments for the construction of specified marine facilities, vessels, and equipment; (6) construct structural and nonstructural shore erosion projects; and (7) provide boating information and education. The vessel excise tax serves as the major source of funding for WIF and, consequently, public boating projects. However, due to a significant decrease in boat sales in recent years, WIF revenues have declined 50% since fiscal 2006.

Senate Bill 90 ***(passed)*** allocates 0.5% of specified motor fuel tax revenue to WIF and limits the vessel excise tax amount to $15,000 per vessel for the fiscal 2014 through 2016 period. DNR must report annually for three years on the impact of limiting the vessel excise tax. Furthermore, a Task Force to Study Enhancing Boating and the Boating Industry in Maryland is established and required to submit a report with its findings and recommendations by September 1, 2015. For a further discussion of ***Senate Bill 90***, see subpart "Transportation" within Part G – Transportation and Motor Vehicles of this *90 Day Report*.

Temporary Certificates of Boat Number

Generally, vessels must be registered in the State if they are equipped with any kind of primary or auxiliary mechanical propulsion and are used in the State during most of the calendar year. Licensed boat dealers may issue one temporary certificate of boat number to a person who buys a vessel from the dealer if specified requirements are met. The temporary certificate of boat number expires when either (1) a certificate of boat number for the vessel is issued by DNR or (2) 90 days expire from the date the temporary certificate was issued by the dealer.

In accordance with federal boating safety requirements (33 CFR 174.29), a state may issue a temporary certificate of number that is effective for not more than 60 days. Because temporary certificates of boat number are authorized for up to 90 days in Maryland, State law is inconsistent with federal requirements. ***Senate Bill 11*** ***(passed)*** reduces, from 90 to 60 days, the amount of time after which temporary certificates of boat number expire, consistent with federal regulations.

Conservation and Stewardship

Environmental Trust Fund

The Environmental Trust Fund (ETF) is used primarily to fund DNR's electric power plant site evaluation and acquisition and research on environmental and land use considerations associated with power plants. However, the Chesapeake Conservation Corps Program receives \$250,000 from ETF each fiscal year for energy conservation projects and up to \$250,000 in additional ETF funds may be allocated by the Chesapeake Bay Trust through its annual budget process. The trust awards grants to community-led environmental education and habitat restoration projects and manages the Chesapeake Conservation Corps Program, which provides service-learning opportunities and green job training for young people through environmental and energy conservation projects. ETF's revenue is from an environmental surcharge per kilowatt-hour of electric energy distributed in the State, which is paid by electric companies. The surcharge, which has generated about \$9.0 million annually in recent years, would not continue beyond fiscal 2015 unless legislation were enacted to reauthorize it.

Senate Bill 27/House Bill 385 ***(both passed)*** extend the environmental surcharge through fiscal 2020 and make the existing allocations of ETF funding to the Chesapeake Conservation Corps Program and trust permanent.

Forest Preservation

Over the last 58 years, Maryland has lost more than 450,000 acres of forest. In response to this trend, there has been interest in implementing efforts to ensure no net loss of forest in the State. Specifically, DNR's Sustainable Forestry Council recommended that the State implement initiatives to ensure that 40% of all land is covered by forest by 2020.

House Bill 706 ***(passed)*** establishes that it is the policy of the State to achieve no net loss of forest, meaning that 40% of all public and private land in Maryland is covered by tree canopy.

House Bill 706 also makes changes aimed at preserving forest land in the State including (1) requiring DNR to provide a statewide forest resource inventory to local jurisdictions at least every five years; (2) providing local jurisdictions with guidelines, recommendations, and technical assistance on policies and standards to protect forest land and urban tree canopy from adverse effects; (3) expanding the State's forest management policy to publicly owned forest lands; (4) authorizing DNR to adopt regulations to implement the State's reforestation law; (5) expanding the authorized uses of the Reforestation Fund, which generates revenue from State and local highway construction projects; (6) increasing the amount of time that DNR has to spend reforestation funds; (7) expanding the applicability of an existing income tax subtraction modification for reforestation or timber stand improvement; and (8) requiring DNR to convene a stakeholder group after January 1, 2017, to review the statewide forest resource inventory and make recommendations.

Tree Expert Licenses

The Maryland Tree Expert Law, adopted in 1945, addresses tree care work done for compensation on private or public property in the State and protects consumers by licensing qualified and insured tree care companies and individuals. A tree expert is generally a person who represents that the person is skilled in the science of tree care or removal and engages in the business or work of the treatment, care, or removal of trees over 20 feet tall for compensation. A person may not engage in the work or business of a tree expert or represent himself or herself to the public as a tree expert without having received a license from DNR.

House Bill 572 ***(passed)*** reduces from five to three years the amount of time for which an applicant for a tree expert license who does not have specified college education must be engaged continuously in practice as a tree expert with a licensed tree expert in Maryland or with an acceptable tree expert company in another state. The bill also requires that, after September 1, 2017, a licensed tree expert complete a professional development curriculum established by DNR to qualify for renewal of a tree expert license.

Nuisance Organisms

Nonnative species are plants, animals, or microbes that have been transported from one geographic region to an area where they did not live previously. According to Maryland Sea Grant, the Chesapeake Bay watershed has become home to many nonnative species, some innocuous, some beneficial, but others destructive beyond expectation. ***Senate Bill 547*/*House Bill 708*** ***(both passed)*** establish a separate criminal offense for each nuisance organism imported or possessed in violation of nonnative aquatic organism provisions in the Natural Resources Article and limit fines for violations to a total of $25,000 for offenses arising out of the same enforcement action. Also, nuisance organism violations are expanded to include violation of regulations.

Maryland Botanical Heritage Workgroup

In accordance with the State's Nongame and Endangered Species Conservation Act, there are 345 plants listed as threatened or endangered. ***House Bill 936*** ***(passed)*** establishes the

Maryland Botanical Heritage Workgroup to (1) define challenges to the preservation of plant species native to the State and region; (2) explore opportunities for improving the preservation of native plant species; and (3) make recommendations regarding the preservation of native plant species. DNR must staff the workgroup, and the workgroup must submit a report with its findings and recommendations by December 31, 2013.

Hunting and Fishing

Hunting and Wildlife Management

Licensing and Fees

The Department of Natural Resources' (DNR) hunting license and stamp fee revenue is deposited into the State Wildlife Management and Protection Fund (SWMPF) and used to fund a variety of wildlife management initiatives, including surveys, research, conservation measures, hunter recruitment and training, hunting programs, nuisance and emergency response, and enforcement. Because of growing program demands and decreasing fee revenue due to the declining hunter population, DNR in recent years has drawn on SWMPF's reserve balance to offset significant reductions in State general fund support for wildlife programs. As a result, the fund's reserve balance has declined from $2.5 million in fiscal 2010 to a projected $40,000 in fiscal 2013. DNR has indicated that it is severely constrained in its ability to provide basic levels of service for wildlife management programs.

Senate Bill 619 ***(failed)*** would have increased certain hunting license fees and redirected revenue from fines for hunting violations imposed by the District Court to SWMPF. The annual fee for the basic resident hunting license would have increased from $24.50 to $37.00, and for the basic nonresident hunting license, from $130.00 to $150.00. The fee for the nonresident three-day hunting license would have increased from $45.00 to $65.00. The bill also would have required DNR to establish by regulation user fees for Wildlife Management Area users other than licensed hunters. To foster an increase in the future hunter population, the bill also would have eliminated the requirement that a junior hunter obtain any additional stamps. Finally, the bill would have encouraged DNR and the Department of Business and Economic Development, in consultation with the Maryland Legislative Sportsmen's Foundation, to develop marketing strategies to promote Maryland as a destination for hunting and fishing. It is estimated that the bill would have increased DNR special fund revenues by $1.5 million in fiscal 2014 and each subsequent fiscal year.

Sunday Hunting

There are three seasons to hunt deer in Maryland: bow hunting season, firearms season, and muzzle loader season. Wild turkey may be hunted in the fall in Allegany, Garrett, and Washington counties and in the spring in all counties. With specified exceptions, hunting game birds or mammals on Sundays is prohibited.

In the 2013 session, additional exceptions to the ban on Sunday hunting were established in several counties. ***Senate Bill 2/House Bill 66 (both passed)*** authorize turkey hunting in Dorchester County on Sundays during the turkey hunting season on public land designated for hunting by DNR. In Carroll County, ***House Bill 543 (passed)*** authorizes DNR to allow a person to hunt deer on a Sunday on private property from the first Sunday in October through the second Sunday in January of the following year, inclusive. ***Senate Bill 24/House Bill 214 (both passed)*** authorize deer hunting on private property in Queen Anne's County on the last three Sundays in October and the second Sunday in November during the archery season and on each Sunday during the deer firearms season.

Hunting Safety Zones

A safety zone is an area surrounding a dwelling house, residence, church, or other building or camp occupied by human beings, within or into which a person, other than the owner, occupant, or person with advanced permission of the owner or occupant, may not shoot or discharge any firearm or other deadly weapon while hunting. In general, this safety zone extends 150 yards from a building or camp, although Carroll and Frederick counties have a reduced safety zone applicable only to archery hunters. ***House Bill 365 (passed)*** establishes a reduced safety zone of 100 yards for archery hunters in Harford County. ***Senate Bill 1031/House Bill 1482 (both passed)*** prohibit a person engaged in hunting or pursuing wildlife from intentionally or willfully destroying or damaging a domesticated animal that is within a safety zone.

A portion of the Firearms Safety Act of 2013, ***Senate Bill 281 (passed)***, also deals with safety zones. The bill prohibits a hunter from discharging a firearm within 300 yards of a public or nonpublic school during school hours or at any time when a school-approved activity is taking place. For a further discussion of ***Senate Bill 281***, see the subpart "Public Safety" within Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Fisheries Management

Licensing and Fees

DNR's Fisheries Service is responsible for managing commercial and recreational fishing in the State. Fishing license and stamp fee revenue is deposited into the Fisheries Research and Development Fund and the Fisheries Management and Protection Fund and used to fund programs related to fish population monitoring and assessment, buoys and navigation, conservation, habitat protection and restoration, and enforcement. Both special funds are projected to have no end-of-year fund balance in fiscal 2013, primarily due to the fund balances being used to offset general fund reductions in recent years. The Fisheries Service is projected to have a funding deficit beginning in fiscal 2013 that may grow to $3.2 million by fiscal 2014.

State commercial fishing license fees have not been increased since 1994. A cost-recovery analysis conducted by DNR in 2011 concluded that while recreational fishing programs were almost entirely funded by recreational fishing fees, commercial fishing fees supported only 61% of commercial fishing programs. Chapter 435 of 2012 required DNR to, among other things, review the existing laws, regulations, fees, and processes associated with commercial fishing licenses and to report findings and recommendations for changes to the commercial fish license and permit fee structure. In response, DNR worked with stakeholders to identify strategies to address the projected budget deficit and develop a commercial license fee structure that achieves a higher level of cost recovery. DNR submitted the required report and its recommendations in January 2013.

Senate Bill 662/House Bill 1253 ***(both passed)*** implement many of the recommendations contained in DNR's report. The bills modify fees and other terms of existing annual commercial fishing licenses and establish new annual commercial fishing authorizations, registrations, permits, surcharges, and associated fees. The bills also repeal the tidal fish license apprenticeship program, and instead require DNR to accept applications from qualified individuals for specified tidal fishing authorizations and maintain a waiting list in order of the date and time that applications are received. Beginning in fiscal 2014, the Governor is authorized to include in the State budget an appropriation from the general fund to augment the increase in revenues DNR receives as a result of the bills. ***Senate Bill 662/House Bill 1253*** are expected to increase DNR special fund revenues by at least $1.6 million in fiscal 2014 and future fiscal years.

Aquaculture

Since 1994, the Chesapeake Bay's oyster population has languished at 1% of historic levels, suitable oyster habitat has decreased 80%, and the number of harvesters has dwindled. To help reverse this trend, DNR unveiled a new management and restoration plan for oysters and the State's oyster industry in December 2009. The plan increased the State's network of oyster sanctuaries from 9% to 24% of the bay's remaining quality oyster bars, established oyster aquaculture leasing opportunities and related financial assistance programs, and maintained 76% of the bay's remaining quality oyster habitat for a public oyster fishery.

Rapid growth in the State's aquaculture industry has prompted interest in and demand for shellfish seed nurseries, which supply juvenile shellfish to businesses that then grow the shellfish to market size. ***Senate Bill 464*** ***(Ch. 57)*** establishes a permitting system for shellfish nurseries located on land or in State waters not covered by an aquaculture lease. For shellfish nurseries located on land, DNR may issue a permit only to the owner or legal tenant of the property or a person with the property owner's permission. For a shellfish nursery located in State waters outside a DNR aquaculture lease area, DNR may issue a permit only to the owner of a wharf or other structure constructed on or about the water and approved by the U.S. Army Corps of Engineers, or to a person with the owner's permission. A shellfish nursery operation located in State waters and with a permit is not required to obtain a water column or submerged land lease. Shellfish nursery products are not subject to National Shellfish Sanitation Program (NSSP) water quality classifications and restrictions.

Aquaculture Enterprise Zones (AEZs) are areas of the Chesapeake Bay preapproved for the leasing of submerged land or water column leases. A person may obtain a submerged land or water column lease located outside of an AEZ but only if certain conditions are met. Although a submerged land or water column lease may generally not be located within 150 feet of a federal navigational channel, ***Senate Bill 920*** ***(passed)*** makes an exception for a lease in Herring Creek in St. Mary's County, provided that the lease is obtained by a riparian owner or a lawful occupant of riparian property.

Public Shellfish Fishery

Dredging is one of a variety of approaches used to gather oysters in the State's public shellfish fishery. A dredge is a toothed bar attached to a chain bag that picks up oysters as it is towed by a boat across an oyster bed. While dredges collect oysters efficiently, their use is strictly limited due to the damage they may cause to oyster beds. ***House Bill 1505*** ***(passed)*** increases the maximum number of days, from two to three, per week during which a dredge boat may operate under the power of an auxiliary yawl boat while dredging for oysters. The bill impacts sailboats (*e.g.,* skipjacks), which have small motorboats (auxiliary yawls) that can propel the sailboat as oyster harvesting occurs.

The Potomac River Fisheries Commission (PRFC) is a semi-autonomous agency that works to conserve and improve seafood resources shared by Maryland and Virginia in the Potomac River. ***Senate Bill 344***/***House Bill 357*** ***(both passed)*** increase PRFC's oyster inspection tax from $1.00 to $2.00 per bushel. All oyster inspection tax proceeds are to be used solely for planting seed or shell oyster on working bottom, as part of PRFC's Oyster Management Reserve Program. The bills also increase the maximum fine amount for violations of PRFC regulations from $1,000 to $3,000. Although the oyster inspection tax provision is scheduled to take effect July 1, 2013, and the maximum fine provision is scheduled to take effect October 1, 2013, the bill may not take effect until similar legislation is enacted by Virginia.

After determining by appropriate investigation that an area is so polluted that shellfish in the area are a hazard to public health, the Maryland Department of the Environment (MDE) is authorized to restrict catching or storing shellfish in the area. ***House Bill 96*** ***(Ch. 80)*** repeals a provision that requires MDE to test or inspect waters that have been restricted for shellfish harvesting at least twice monthly or more frequently if requested by the appropriate governing body of any county affected by the restriction.

Shark Fins

Shark finning refers to the removal and retention of shark fins and the discarding of the rest of the fish. Although prohibited in Maryland, shark finning is a widespread practice that has contributed to a significant decline in some shark species. ***Senate Bill 592***/***House Bill 1148*** ***(both passed)*** generally prohibit a person from possessing, selling, offering for sale, trading, or distributing a shark fin in the State. However, the bills do allow a person to possess a shark fin if (1) the person holds the appropriate State or federal license or permit authorizing the taking or landing of a shark for recreational or commercial purposes; (2) it is taken from a shark that the person has taken or landed; and (3) it is taken in a manner consistent with the person's license. A museum, college, or university may also possess a shark fin if the shark fin is used solely for display or research purposes. The bills do not apply to smooth hounds or spiny dogfish (for which certain fin removal is authorized under federal law) or rays or skates.

Repeal of Obsolete Fisheries Laws

Senate Bill 59 ***(passed)*** repeals, clarifies, and modifies provisions of fisheries laws that are inconsistent with State regulations, unnecessary, or obsolete. The bill primarily affects provisions related to the allowable manner, places, and times for catching, and size limits applicable to, certain species of fish (including crabs, oysters, and clams). To ensure consistency with federal requirements under NSSP and existing NSSP regulations under the Department of Health and Mental Hygiene, the bill also repeals provisions concerning shellfish buying stations and oyster measurement containers. The bill instead authorizes DNR to adopt regulations establishing procedures for selling oysters and clams and governing the size, type, and use of containers used to measure oysters harvested or sold in the State.

Environment

Waste Management

Composting

Generally recognized benefits of composting include diverting waste from landfills; reducing emissions of methane, a greenhouse gas; and providing an inexpensive source of natural fertilizer. Chapter 363 of 2011 required the Maryland Department of the Environment (MDE), in consultation with the Maryland Department of Agriculture (MDA) and the Maryland Environmental Service, to study composting in Maryland and make recommendations about how to promote composting. The workgroup made several recommendations for establishing a conceptual framework for the future regulation of composting facilities, and ***House Bill 1440*** ***(passed)*** requires MDE to adopt such regulations. By altering the definition of "solid waste" and several other definitions, the bill allows compost and composting facilities to be regulated separately from other solid waste facilities and in a manner that will likely encourage additional composting and reduce barriers to the construction of new facilities.

Recycling

The Maryland Recycling Act, as amended by Chapter 692 of 2012, requires all counties and Baltimore City to recycle 20% or 35% of their waste generated, depending on county population. Counties have flexibility to determine the best way to reach the required recycling rates. The county recycling plan, revised every three years, must address certain issues such as methods of financing county recycling efforts, among other issues.

Chapters 191 and 192 of 2012 further amended the Maryland Recycling Act to require the property owner or manager of an apartment building or the council of unit owners of a condominium containing 10 or more units to provide for the collection and removal of recyclable materials by October 1, 2014. In addition, a county may require these owners and managers to report to the county on recycling activities. Beginning October 1, 2013, each county must address these requirements in its recycling plan. However, ***Senate Bill 1049*** ***(passed)*** exempts a property owner or manager of an apartment building or a council of unit owners of a condominium in Ocean City from the recycling requirements of Chapters 191 and 192 in recognition of several unique challenges particular to the Town of Ocean City.

Natural Gas Drilling in the Marcellus Shale

The Marcellus Shale formation is a geologic feature in the Appalachian Range which has recently attracted significant attention from the energy industry for its rich natural gas deposits contained within 117 counties in seven states. In Maryland, the anticipated areas of gas production are in Garrett and western Allegany counties. As the use of hydraulic fracturing has increased, so has concern about its potential impacts.

Governor Martin O'Malley established the Marcellus Shale Safe Drilling Initiative by executive order in June 2011 to ensure that, if drilling for natural gas from the Marcellus Shale proceeds in Maryland, it is done in a way that protects public health, safety, natural resources, and the environment. The executive order directs MDE and the Department of Natural Resources (DNR) to assemble and consult with an advisory commission in the study of specific topics related to horizontal drilling and hydraulic fracturing in the Marcellus Shale. Specifically, the executive order tasks MDE and DNR, in consultation with the Marcellus Shale Safe Drilling Initiative Advisory Commission, with conducting a three-part study and reporting findings and recommendations.

Part I of the study, a report on findings and recommendations regarding sources of revenue and standards of liability for damages caused by gas exploration and production, was released in December 2011. The other two parts of the required study are (1) a report with recommendations for best practices for all aspects of natural gas exploration and production in the Marcellus Shale in Maryland and (2) a final report with findings and recommendations relating to several other issues. A recommended best practices report from the consultant commissioned by the Marcellus Shale Safe Drilling Initiative was released in February 2013. A draft of the best practices report, which may incorporate many of the consultant's recommended best practices, is expected to be released by MDE and DNR in spring 2013.

Additionally, in September 2012, the Marcellus Shale Safe Drilling Advisory Commission established a legislative committee to recommend legislative proposals to the advisory commission for consideration prior to the 2013 session. The commission considered 10 topics for potential legislative proposals and the legislative committee ultimately recommended four proposals, including one pertaining to financial assurance requirements, such as performance bonds or environmental pollution liability insurance, and another on the registration of landmen.

The consultant's recommended best management practices report noted that, compared to other states, Maryland's performance bond requirements are relatively high, but that, generally, performance bonding has also been deemed inadequate for providing financial assurance in the natural gas extraction industry. Thus, ***Senate Bill 854*** ***(passed)*** repeals performance bond requirements for the holder of a permit to drill an oil or gas well, and instead requires compliance with several alternative financial assurance requirements. These include planning for the plugging and sealing of a proposed oil and gas well, as well as specific financial assurance, comprehensive general liability insurance, and environmental pollution liability insurance requirements.

Senate Bill 766/House Bill 828 ***(both passed)*** address another of the legislative committee's recommended proposals by requiring a person operating as a "land professional" in the State to be registered with the Department of Labor, Licensing, and Regulation and issued a registration certificate by MDE. "Land professionals," or landmen, meet with landowners and negotiate leases on behalf of companies seeking to mine or drill on a plot of land. For a more detailed discussion of the bills' registration requirements, see the subpart "Business Occupations" within Part H – Business and Economic Issues of this *90 Day Report*.

Water Quality and Supply

Wetlands and Waterways

The Wetlands and Waterways Program within MDE is a statewide program for the management, conservation, and protection of Maryland's tidal wetlands and nontidal wetlands and waterways. The goal of the program is to avoid and minimize impacts associated with development, and to mitigate impacts that are determined to be necessary and unavoidable. Licenses for projects in State tidal wetlands are issued by the Board of Public Works (BPW). Permits for projects in private tidal wetlands are issued by MDE.

Historically, BPW and MDE were generally prohibited from issuing a license or permit for any project involving the construction of a dwelling unit or other nonwater-dependent structure on a pier located on State or private wetlands. However, over the years, the list of exceptions had grown into what is recognized as a confusing patchwork of exemptions and conditional authorizations for those seeking to understand whether or where a nonwater-dependent structure could be constructed on a pier. MDE regulations define a "nonwater-dependent structure or activity" as a temporary or permanent structure or activity, which by reason of its intrinsic nature or operation does not require location in or over State or private tidal wetlands.

Senate Bill 524 ***(passed)*** comprehensively amends the current conditions for issuance of a license or permit for a nonwater-dependent project to be located on a pier in State or private wetlands, as part of an effort to modernize and simplify the issuance of such licenses and permits by BPW, MDE, and local governments. The bill also establishes new standards for projects involving small-scale renewable energy systems, and creates a new method for charging annual compensation rates to the owners of nonwater-dependent projects (except for small-scale renewable energy systems), which is based on a specified formula and property data provided by the State Department of Assessments and Taxation. The new compensation rate, like the more simplified conditional authorizations, is intended to provide greater certainty to potential developers, while accounting for the unique nature of individual project locations and the variation in property values around the State.

Chapter 142 of 2008 established the Wetlands and Waterways Program Fund supported by application fees and other compensation revenues for various wetlands and waterways permits and licenses. In 2012, Chapter 722 altered the wetlands and waterways application fee schedule by reducing the application fee, from $750 to $300, for several types of minor projects, including for the installation of a boat lift, hoist, or personal watercraft lift at each authorized slip, for up to four slips, lifts, or hoists per pier. ***Senate Bill 462*/*House Bill 994* (both passed)** further alter the minor project fee schedule. The bills recognize the disparity in size and the impact on waterways between boats and personal watercraft, and allow for the installation of additional personal watercraft lifts or hoists on a pier. Specifically, the bills authorize an individual to install up to six personal watercraft lifts or hoists on a pier, or a combination of up to six boat lifts and personal watercraft lifts or hoists, as long as no more than four boat lifts or hoists are installed on the pier.

Stormwater Management and Sediment Control Plans

According to MDE, the number of erosion and sediment control and stormwater management plans that it receives exceed the capacity of current personnel and resources. ***House Bill 97* (Ch. 81)** establishes a process of self-certification with the State Highway Administration, the Department of General Services, or any other State or federal agency that seeks to serve as an approval authority for these plans. The Act thereby allows MDE to reallocate staff resources for oversight and implementation of higher priority State and federal water pollution control programs, such as triennial reviews of local stormwater management programs, review of municipal Separate Storm Sewer System permits, and implementation of the federal Chesapeake Bay Total Maximum Daily Load requirements.

State erosion and sediment control regulations authorize a land surveyor, landscape architect, or architect to certify a plan to control silt and erosion. However, for a grading or building permit to be issued for development within the Severn River Watershed by Anne Arundel County or the City of Annapolis, the certificate must be issued by a professional engineer. ***House Bill 766* (Ch. 139)** authorizes a professional land surveyor or a licensed landscape architect to also certify that a developer's plan to control silt and erosion within the Severn River Watershed is adequate.

Water Pollution Reporting

The State's water pollution control laws require an owner or operator of a sanitary sewer system, combined sewer system, or wastewater treatment plant to report a sewer overflow or treatment plant bypass. MDE provides public access through its website to the Maryland Reported Sewer Overflow Database. The database shows that there were 1,775 reports of sewage overflows in calendar 2012, including 39 overflows of at least one million gallons, down from 94 overflows of at least one million gallons in 2011. One-third of the overflows of at least one million gallons were the result of Hurricane Sandy. Nearly all significant overflows came from local wastewater treatment plants.

Since January 1, 2009, MDE has implemented a new enforcement initiative to address unauthorized discharges of pollutants resulting from sanitary sewer overflows. Under this initiative, MDE has begun assessing penalties for all sewage overflows, with the exception of permitted combined sewer overflows, unless the owner or operator of the system clearly demonstrates that the overflow was beyond their control and occurred in spite of all reasonable steps to properly operate, maintain, and improve the system. Since July 2009, MDE has collected about $1.1 million in penalties from enforcement of sewage overflow violations under this initiative.

Senate Bill 302 ***(passed)*** requires MDE to annually publish on its website the total amount of sewage overflow, in gallons, from sewerage systems into the Chesapeake Bay and its tributaries during the previous year, as well as the fines collected as a result of enforcement actions undertaken based on the overflows.

The Maryland Clean Water Fund consists of all application fees, permit fees, renewal fees, funds, and civil and administrative penalties collected under certain State water pollution control laws. MDE must use the fund for certain activities specified in statute and, in determining the use of money from the fund, priority must be given to activities relating to the water quality of the Chesapeake Bay and its tributaries. ***Senate Bill 575*** ***(passed)*** requires MDE to report to the General Assembly each year on the status of the fund and give a detailed description of the sources of revenues and uses of expenditures from the fund.

Drinking Water

The federal Safe Drinking Water Act requires the U.S. Environmental Protection Agency to issue a list of up to 30 unregulated contaminants to be monitored by public water systems. The list is required to be updated every five years. In May 2012, the most recent update of the list was finalized and contains 30 chemicals, metals, hormones, and viruses, as well as new monitoring and reporting requirements.

Maryland's drinking water quality regulations require water suppliers in Maryland to conduct monitoring of the federally listed contaminants and to notify persons served by the systems of the availability of the water testing results in the first set of water bills issued after receipt of the results or through written notice within three months after receipt of the results. ***House Bill 641*** ***(Ch. 127)*** alters the testing and notification requirements for the Washington Suburban Sanitary Commission (WSSC) by requiring quarterly testing of drinking water for unregulated contaminants. Within 30 days of receiving results that indicate the presence of a contaminant, the results must be reported to the county executives of Montgomery and Prince George's counties and published the on the WSSC website.

A county, municipal corporation, district, or commission that owns or operates a water system and WSSC must bill for service on a monthly, quarterly, or semiannual basis. ***House Bill 598*** ***(passed)*** authorizes these entities to also bill once every other month instead.

Public Participation and Notice

MDE must issue a permit before an applicant may construct, modify, or replace components for a source of air pollution and comply with several public participation requirements. For certain permit applications, such as for a source that would be subject to federal New Source Performance Standards (NSPS), these public participation requirements include holding a hearing in the appropriate county. However, the current public participation requirement for NSPS sources was established during a period when NSPS permits were being issued for large sources such as incinerators. Today, NSPS sources typically include small electric generators commonly found at hospitals, schools, and government facilities; medium size boilers commonly found at universities; and small biomass gas-to-energy facilities.

According to MDE, the department currently receives little or no interest in permit applications for NSPS sources, very few public comments, and low or no attendance at many public hearings. Meanwhile, these public participation requirements add time to the permitting process, generate additional work for MDE, and impose additional costs to permit applicants. Thus, ***House Bill 95*** ***(passed)*** alters the public participation requirements associated with the issuance of NSPS permits by authorizing MDE to provide notice through an alternative process that consists of (1) electronically posting a notice of the permit application on MDE's website; (2) giving notice to the chief executive of any local government in which a portion of the source is located or proposed to be located; and (3) receiving comments from the public.

Several other notice and public participation requirements contained in the State's environmental laws apply to applicants proposing projects that affect air pollution. For example, in addition to generally applicable public participation requirements, an applicant for a permit to construct a landfill system or incinerator for public use must also give notice of the application by certified mail to (1) the board of county commissioners or the county council of any county, and the chief executive of any county or municipal corporation that MDE determines may be affected; (2) DNR, by certified mail; (3) each member of the General Assembly representing any part of a county in which the proposed facility is to be located; and (4) property owners within 1,000 feet of the proposed facility.

Additionally, State public utility laws contain numerous other public notice requirements for applications to construct or operate electric facilities. As just one example, for an application to construct an electric generating station and associated overhead transmission lines of certain voltage capacity, or to exercise the right of condemnation in connection with such construction, the Public Service Commission (PSC) must provide notice of the application and any information submitted with the application to (1) all interested persons; (2) MDA; (3) the Department of Business and Economic Development; (4) MDE; (5) DNR; (6) the Maryland Department of Transportation (MDOT); and (7) the Maryland Department of Planning. PSC also must hold the public hearing on the application after the publication of notice. Finally, separate notice and public participation requirements apply for other types of projects subject to PSC.

Senate Bill 563/***House Bill 554*** ***(both passed)*** require MDE and PSC, on receipt of certain permit applications, to also ensure that notice is immediately provided to the governing body of each local government within one mile of the subject of the application, as well as each member of the General Assembly representing any part of a county located within one mile of the subject of the application. These notice provisions apply to applications (1) to MDE for a certain air quality permit; (2) to MDE for a proposed incinerator for public use or landfill system; (3) to PSC for a certificate of public convenience and necessity; (4) to PSC for construction of a generating station that meets specified criteria; and (5) to PSC for construction of a generating station and associated overhead transmission lines of certain voltage capacity, or to exercise the right of condemnation in connection with such construction.

State environmental laws also contain public participation requirements that must be met before adopting certain types of regulations, such as regulations under the air quality statute. Currently, MDE must publish notice of the required hearing on the regulations in a newspaper of general circulation in the area concerned at least 30 days before the hearing. However, MDE surveys have shown that businesses and the general public consistently gain information about regulations from the department's website, the *Maryland Register*, trade associations, and stakeholder meetings, rather than from newspaper notices.

Senate Bill 61 ***(Ch. 12)*** generally allows MDE to satisfy the public hearing notice requirement associated with the adoption of new air quality regulations by publishing notice on the MDE website. Beginning October 1, 2014, MDE must annually publish a notice in a newspaper of general circulation that notifies the public of the types of public notices available on the MDE website, as well as a phone number or email address that a person may contact to arrange for the receipt of future public notices by first class mail or email. However, the Act maintains the current notice requirements until October 1, 2014, and requires MDE to describe in each public notice until October 1, 2014, the changes to the notice process that are to begin on that date.

Miscellaneous

Asbestos

According to MDE, asbestos is a naturally occurring mineral found in certain rock formations, mined from open pit mines. However, the short, thin asbestos fibers released into the air are a hazard to persons who breathe in these fibers. There is no known safe level of exposure for persons who work with asbestos or may be in the same area as an asbestos project. Asbestos is also a hazardous air pollutant that is regulated by Maryland and the federal government.

The State regulates how persons work with asbestos and also regulates those who train persons to work with asbestos. Unless accredited by MDE, an individual may not engage in an asbestos occupation. Chapters 278 and 279 of 2012 altered these accreditation requirements by, among other things, specifying that an individual must complete a training program or acquire and maintain current accreditation and pass an applicable asbestos occupation examination provided and administered by MDE or an independent testing organization.

The new law defined a "business entity" as any person designated to manage or supervise the removal or encapsulation of asbestos and defined an "independent testing organization" as an entity that is not in any way affiliated with a business entity that employs an individual to remove or encapsulate asbestos in Maryland. ***Senate Bill 762***/***House Bill 793*** ***(both passed)*** further separate the training, and testing functions by specifying that an independent testing organization, by definition, does not provide training and by prohibiting a business entity that provides training from also administering an examination.

Hazardous Waste Transport

According to MDOT, State law that required a certificate to be displayed on the left door of a controlled hazardous substance hauler violates federal law and could jeopardize the receipt of Federal Motor Carrier Safety Assistance Program funds that Maryland receives annually. Therefore, ***Senate Bill 64*** ***(Ch. 15)*** requires a controlled hazardous substance hauler to carry the vehicle certificate in the cab of the vehicle in conformance with federal law, rather than display the certificate on the left door or elsewhere on the vehicle.

Agriculture

Nutrient and Sediment Management

Agricultural Certainty

In recent years, the Chesapeake Bay states, the U.S. Department of Agriculture (USDA), the U.S. Environmental Protection Agency (EPA), and stakeholders from the agricultural and environmental communities have been discussing implementation of agricultural certainty programs. Agricultural certainty programs seek to provide agricultural operations with certainty that, in exchange for the voluntary adoption of a substantial level of conservation practices, a state will not impose additional environmental protection requirements on the operation for a given period of time. USDA advises that agricultural certainty programs are a valuable tool for accelerating voluntary private land conservation and that the implementation of such programs in the Chesapeake Bay watershed is a USDA priority.

In 2012, the Maryland Department of Agriculture (MDA) received a three-year, $600,000 federal grant from USDA to develop an agricultural certainty program in the State. MDA is using these funds to, among other things, (1) research potential program implementation issues; (2) conduct on-farm assessments for compliance with the Chesapeake Bay Total Maximum Daily Load (TMDL) requirements; and (3) identify strategies to help agricultural operations achieve environmental protection standards required to participate in an agricultural certainty program. According to MDA, up to 5,000 agricultural operations in the State may be eligible to enroll in an agricultural certainty program.

Senate Bill 1029 ***(passed)*** establishes a voluntary Maryland Agricultural Certainty Program to accelerate the implementation of agricultural best management practices to meet State agricultural nitrogen, phosphorus, and sediment reduction goals. MDA must develop the program in coordination with the Maryland Department of the Environment (MDE), and the program must be self-sustaining and revenue neutral.

Under the program, MDA may certify an agricultural operation if, among other things, MDA determines that the operation (1) has a fully implemented soil conservation and water quality plan; (2) has a fully implemented nutrient management plan; (3) meets nitrogen, phosphorus, and sediment load reductions associated with specified water quality requirements; and (4) meets State and federal laws, regulations, and permit conditions relating to agricultural sources of nitrogen, phosphorus, or sediment reduction applicable to the operation. A certification is valid for 10 years if the operation remains in compliance with program requirements and there are, generally, no material changes to the operation. An agricultural operation that is certified under the program is subject to specified recordkeeping, reporting, and inspection requirements.

Generally, an agricultural operation that is in compliance and certified under the program is not subject to State or local laws or regulations enacted or adopted after the date of certification that relate to the reduction of agricultural sources of nitrogen, phosphorus, or sediment to meet the TMDL, local TMDLs, or other water quality requirements. However, the program does not prevent the application or enforcement of any other laws, regulations, or permits, including the federal Clean Water Act and specified State laws relating to water control and abatement, water resources and wetlands, and the Chesapeake and Atlantic Coastal Bays Critical Area Protection Program, among others. Additionally, at the end of the 10-year certification period, a certified operation must comply with all applicable laws, regulations, rules, and permit conditions that went into effect after the operation was initially certified.

MDA must adopt regulations to implement the program, with MDE approval, and may establish reasonable fees by regulation that cover any costs incurred in operating the program. MDA must also establish an oversight committee to (1) monitor and provide oversight on the development and implementation of policies and standards relating to the program; (2) assist in the development of implementing regulations; (3) meet at least once every year to evaluate program performance; (4) and make recommendations for improvements to or termination of the program. Finally, MDA is required to submit a report by December 31, 2014, and each December 31 thereafter, to the Governor and specified legislative committees on program participation and the oversight committee's recommendations.

Fertilizer Application Setbacks

Chapters 484 and 485 of 2011, the Fertilizer Use Act of 2011, expanded the State's regulation of the nitrogen and phosphorus content of specialty fertilizers labeled/intended for use on turf, the labeling of specialty fertilizers used on turf, and the nonagricultural application of commercial and specialty fertilizer. Several provisions of the Fertilizer Use Act of 2011 prohibit the application of fertilizer containing phosphorus or nitrogen to turf that is within 15 feet of waters of the State or within 10 feet for specified application methods. The Fertilizer Use Act of 2011 referenced an existing definition of "waters of the State," which is defined more broadly than intended under the original Act.

***Senate Bill 748*/*House Bill 561* (both passed)** repeal the references to "waters of the State" in specified fertilizer setback provisions of the Fertilizer Use Act of 2011 and clarify that the provisions apply only to State surface waters, the Chesapeake Bay and its tributaries, ponds, lakes, rivers, streams, public and tax ditches, and specified public drainage systems.

Departmental Programs and Regulatory Functions

Spay/Neuter Fund

The Task Force on the Establishment of a Statewide Spay/Neuter Fund was established in accordance with Chapter 266 of 2011 and extended by Chapters 273 and 274 of 2012. The task force was charged with studying and making recommendations regarding the funding and establishment of a spay/neuter fund. In December 2012, the task force submitted a report with recommendations that included:

- creating a surcharge of approximately $100 annually on the pet food brand registration;
- establishing a competitive grant program for spay/neuter services;
- creating a statewide veterinarian reimbursement voucher program for low-cost spay and neuter surgeries and free rabies vaccine shots;
- establishing a spay/neuter advisory board; and
- requiring local government-operated or funded animal control shelters to submit annual animal intake and euthanasia data.

***Senate Bill 820*/*House Bill 767* (both passed)** implement some of the recommendations of the task force. Specifically, the bills establish a Spay/Neuter Fund (a special, nonlapsing fund) in MDA to reduce animal shelter overpopulation and cat and dog euthanasia rates by financing grants for programs that facilitate and promote spay and neuter services. The bills require MDA to establish a fee on each brand name or product name of commercial feed that is registered in the State for consumption by a dog or cat. The $100 fee is phased in over three years. The bills also establish a Spay/Neuter Advisory Board to monitor the fund. Beginning January 1, 2014, animal control shelter programs operated by or contracted by local governments must submit a quarterly report to MDA providing specified information. MDA must report on the activities financed by the fund to the Governor and the General Assembly by August 31 annually. By December 15, 2015, MDA must submit a report to specified legislative committees on the fee revenue collected. MDA is authorized to adopt implementing regulations. The bills terminate September 30, 2022.

State Chemist Fund

MDA administers four separate funds that support programs administered by the State Chemist under the Maryland Pesticide Registration and Labeling Law, the Maryland Commercial Feed Law, the Maryland Commercial Fertilizer Law, and provisions governing the sale of agricultural liming materials and gypsum. Each fund consists primarily of fees collected under the respective law or set of provisions and is to be used to defray partially the cost of administering that respective program. According to MDA, however, all section personnel perform multiple overlapping tasks, and the equipment and resources purchased through the funds are cross-utilized. Additionally, an analysis of MDA's proposed fiscal 2013 budget by the Department of Legislative Services raised concern about MDA's practice of administering the four separate funds as one fund, despite the distinct revenue sources, distinct statutory caps on carryover from year to year, and distinct authorized uses.

Senate Bill 180 ***(Ch. 27)*** consolidates the four special funds into a single State Chemist Fund to be used only to defray partially the cost of administering the programs. The Act allows for up to $375,000 of unexpended or unencumbered money in the fund at the end of a fiscal year to be carried over for use the following fiscal year (representing the combined total of the carryover allowances for the four different funds). The Act also redirects certain administrative penalty revenue under those programs from the general fund to the State Chemist Fund. Any unexpended or unencumbered money in the four separate funds must be transferred to the State Chemist Fund by August 1, 2013.

Maryland Agricultural Land Preservation Foundation

The Maryland Agricultural Land Preservation Foundation (MALPF) purchases agricultural preservation easements that restrict development on prime farmland and woodland in perpetuity. As of the end of fiscal 2012, MALPF had cumulatively purchased 2,078 farms covering 282,957 acres.

Generally, a landowner who sells an agricultural preservation easement may reserve the right to ask MALPF to release one acre or less for the purpose of constructing a dwelling house for the use only of that landowner or a child of the landowner. A preliminary lot release becomes void if a nontransferable building permit in the name of the landowner or child of the landowner is not received by MALPF within three years of recording the release, except under specified conditions. When a landowner receives approval from MALPF for a lot to be released from an easement, the landowner must provide a written description of the property boundaries and pay back the amount per acre that was paid for the easement. Occasionally, a landowner or a child of a landowner determines that the lot is no longer required and seeks reimbursement of the amount that was paid back to MALPF for the original lot release. However, MALPF does not have the authority to return a landowner's payment in this situation.

House Bill 378 ***(Ch. 108)*** authorizes the Comptroller to disburse money from the Maryland Agricultural Land Preservation Fund for MALPF to use for the reimbursement of money paid into the fund by a landowner for a preliminary release of a lot. MALPF may reimburse the person for whom the lot was preliminarily released, the person who originally paid for the preliminary release, or another appropriate person for the amount paid to MALPF. Subject to the prior approval of the MALPF Board of Trustees, and in accordance with regulations adopted by MDA, MALPF may reimburse the person only if (1) a dwelling has not been constructed on the lot; (2) the lot, if subdivided, has been reunited with the remainder of the easement; and (3) a request for reimbursement is made before the preliminary release becomes void.

Administrative Review of Contested Cases

The Board of Review of MDA is a seven-member board appointed by the Governor with the advice and consent of the Senate. The board is required to hear and determine appeals from any decision of the Secretary or any position or unit within MDA subject to judicial review under the Administrative Procedure Act (APA) or any other provision of law. The Secretary may also, by rule or regulation, provide for board review of any action or failure to act of any position or unit within MDA.

However, according to MDA, the board of review has not met since 2004 because no cases have been filed. As a result, the board has not incurred any expenses and does not have a designated budget or staff. MDA further indicates that other statutory controls allow for an agency hearing in a contested case under APA, provide an opportunity to appeal an adverse decision to the circuit court, and make the board unnecessary. Accordingly, ***Senate Bill 53*** ***(passed)*** repeals provisions relating to the Board of Review of MDA, eliminating the board and associated requirements governing appeals to the board.

Pesticide Reporting and Information Workgroup

MDA licenses commercial pest control and not-for-hire firms, issues permits to public agencies for pesticide application, and certifies private applicators (farmers or growers who wish to use restricted use pesticides in the production of agricultural commodities). MDA regulations require licensees, permittees, and certified private applicators to keep specified records regarding pesticide applications. Current records must be made available to MDA on request.

In addition, a person who sells or distributes a restricted use pesticide must hold a dealer permit from MDA and may not sell or distribute a restricted use pesticide to any person other than a permitted dealer or a certified applicator or the applicator's authorized representative. Restricted use pesticides are those classified as such by EPA and that pose greater potential harm than other pesticides. MDA regulations require dealers to maintain certain records on the sale or distribution of each restricted use pesticide for two years and to make the records available to MDA on request.

In response to concerns about public access to pesticide information and data, ***Senate Bill 675***/***House Bill 775*** ***(both passed)*** establish the Maryland Pesticide Reporting and Information Workgroup to study and make recommendations regarding the establishment of a pesticide use database. MDA must provide staff for the workgroup. The workgroup must submit its preliminary findings and recommendations to specified legislative committees by December 31, 2013, and its final findings and recommendations to the committees by July 1, 2014.

Assessment Collection

Any association, council, board, or other agency fairly representative of persons engaged in the production of an agricultural commodity may apply to the Secretary of Agriculture for certification and approval to conduct a referendum among those persons on the question of levying an assessment and collecting and utilizing the proceeds for purposes stated in the referendum. ***House Bill 1327*** ***(Ch. 151)*** eliminates the requirement that an agricultural assessment levied for the promotion of the use and sale of an agricultural commodity be collected annually. The Act also modifies an alternate method of collection of assessments by specifying that (1) upon the request of the certified agency that initiated the assessment, the Secretary must notify *any*, rather than *every*, person engaged in the business of purchasing any agricultural commodity in the State that the assessments must be deducted from the purchase price of the commodity and (2) the deducted assessments must be remitted by a purchaser directly to the certified agency, as directed by the Secretary, rather than being remitted to the Secretary and then paid by the Secretary to the certified agency. In addition, the Act authorizes a certified agency to initiate judicial proceedings in circuit court if a purchaser fails to remit a deducted assessment. Finally, the Act requires that the books and records of a purchaser of any agricultural commodity be open for inspection by the certified agency at any time during regular business hours.

Part L
Education

Primary and Secondary Education

State Aid to Public Schools

State aid for primary and secondary education will increase by $209.6 million in fiscal 2014 to $6.1 billion, 3.6% more than fiscal 2013 aid. State aid provided directly to the local boards of education increases by $112.2 million, or 2.2%, and the State's share of teachers' retirement costs, which is paid on behalf of the local school systems, increases from $755.4 million to $852.8 million, an increase of 12.9%. Appropriations to support teachers' retirement costs are paid into the State's pension fund and do not pass through local school system budgets.

Fiscal 2013 to 2014 changes in major State education aid programs are shown in **Exhibit L-1**. State aid through the Bridge to Excellence formulas increases by $131.4 million, or 2.7%, which is mostly attributable to enrollment growth and a 1.0% increase in the per pupil foundation amount. The largest increase is to the compensatory education program, which provides funding based on the number of students in the State eligible for free and reduced price meals. This population increased by more than 10,500 students, or 3.1%, from fall 2011 to 2012. Combined with the 1.0% increase in the per pupil foundation amount, this results in an increase of $49.7 million for the compensatory education program. State aid for the limited English proficiency formula increases by $16.0 million, or 9.0%, due to an increase of 3,770, or 7.3%, in the number of students with limited English proficiency and the per pupil increase. For the foundation program, full-time equivalent enrollment increased by approximately 4,550, which when combined with the per pupil increase, results in a $41.0 million increase. This includes additional grants to counties experiencing reductions in direct education aid provided in fiscal 2013 and 2014, discussed further below. The General Assembly reduced funding for student transportation by $2.3 million to $254.5 million to reflect the Consumer Price Index for private transportation, which still provides a $3.2 million increase.

Exhibit L-1

Change in Education Aid

Fiscal 2013-2014

($ in Millions)

Program	**2013**	**2014**	**$ Change**	**% Change**
Foundation Program	$2,811.6	$2,852.6	$41.0	1.5%
Net Taxable Income	0.0	8.3	8.3	
Regional Cost Adjustments	128.8	130.8	2.0	1.6%
Supplemental Grants	46.5	46.6	0.1	0.3%
Compensatory Education	1,146.3	1,196.0	49.7	4.3%
Special Education Formula	266.5	269.3	2.8	1.1%
Limited English Proficiency	177.4	193.4	16.0	9.0%
Guaranteed Tax Base	44.2	52.3	8.1	18.4%
Student Transportation	251.3	254.5	3.2	1.3%
Bridge to Excellence Subtotal	***$4,872.5***	***$5,003.9***	***$131.4***	***2.7%***
Nonpublic Special Education	113.9	109.8	-4.1	-3.6%
Aging Schools Program	31.1	8.1	-23.0	-73.9%
Other Programs	68.2	76.1	7.9	11.6%
Direct Aid Subtotal	***$5,085.7***	***$5,197.9***	***$112.2***	***2.2%***
Teachers' Retirement	755.4	852.8	97.4	12.9%
Grand Total	**$5,841.1**	**$6,050.7**	**$209.6**	**3.6%**

Note: Foundation program for fiscal 2013 includes $1.2 million in grants that limited reductions in direct aid from fiscal 2012 to 2013. Fiscal 2014 appropriations include $2.1 million in similar grants.

Source: Department of Legislative Services

The fiscal 2014 budget includes $8.3 million to begin a five-year phase-in of a change to the net taxable income (NTI) calculation as enacted by ***House Bill 229*** ***(Ch. 4)***. Under the Act, State education aid formulas that include a local wealth component are to be calculated twice, once using an NTI amount for each county based on tax returns filed by September 1, and once using an NTI amount based on tax returns filed by November 1. Each local school system then receives the greater State aid amount that results from the two calculations with the increase phased in over five years. This change better reflects each county's income wealth since the federal government automatically extended the deadline for late filers to October 15 beginning in tax year 2005, including NTI from returns filed by November 1, in addition to returns filed by September 1. For a more detailed discussion of this issue, see the subpart "Aid to Local Government" within Part A – Budget and State Aid.

The fiscal 2014 budget also includes funds in the Maryland State Department of Education (MSDE) to support two initiatives. The first is $2.0 million for the Early College Innovation Fund, which will provide bridge funding to support the start-up costs associated with creating new early college programs that provide accelerated pathways for students seeking career and technical education or training in science, technology, engineering, and math disciplines. In addition, $3.5 million was appropriated for a Digital Learning Innovation Fund for competitive grants to local school systems to create digital learning environments such as multimedia assets for students and teachers; differentiated instruction; differentiated assignments and materials for students advancing at different paces; training and support for educators and students; and offering more current information than traditional textbooks on an ongoing basis.

Further, the Budget Reconciliation and Financing Act (BRFA) of 2013, ***House Bill 102 (passed)***, and the fiscal 2014 budget include statutory changes and budget language stipulating that no county may receive Supplemental Grants less than $0 and to provide grants in fiscal 2014 only to restore 25% of the decrease in education aid to counties experiencing at least a 1% decrease between fiscal 2013 and 2014 in State formula aid. Savings available in the student transportation formula are restricted for these purposes and the additional aid is contingent on enactment of the BRFA of 2013 and the Governor transferring the funds. These provisions result in additional funds for Carroll, Garrett, Harford, and Kent counties totaling $2.2 million.

Finally, the BRFA of 2013 requires local boards of education to reimburse the Department of Juvenile Services (DJS) for each child from the county that is placed in a detention facility for 15 or more consecutive days. This provision modifies a policy established by the BRFA of 2011 (Chapter 397) requiring local boards of education to reimburse DJS and the Department of Human Resources for each child from a county who is placed in State-supervised care in a nonpublic residential placement that also provides the education program for the child. However, children not included in the county's annual public school enrollment count, children in nonpublic special education placements, and children in detention facilities were excluded from the provision.

State Aid to Nonpublic Schools

The budget includes $6.0 million in special funds from the Cigarette Restitution Fund for the Aid to Nonpublic Schools program, a $1.5 million increase over the fiscal 2013 appropriation. The Aid to Nonpublic Schools program supports the purchase of textbooks and computer hardware and software for loan to students in eligible nonpublic schools. The General Assembly increased the program's maximum per pupil distribution from $60 to $65 in participating schools and from $90 to $95 in schools where at least 20% of the students are eligible for free or reduced price meals.

Public School Construction

Capital Funding

The Public School Facilities Act of 2004 (Chapters 306 and 307) established a State goal to provide $2.0 billion in State funding over eight years to address school construction needs which equates to $250 million per year from fiscal 2006 to 2013. During this time period, the State has provided $2.5 billion to support public school construction. The fiscal 2014 budget includes $300 million in general obligation (GO) bonds for public school construction and $25 million in pay-as-you-go (PAYGO) funds for a total of $325 million. Of this amount, $25 million in GO bonds is reserved for an air conditioning initiative to support projects in schools that do not currently have central air conditioning in instructional spaces. Projects in schools with window units in classrooms, schools that have central air in only a portion of the classrooms, and schools that have central air only in noninstructional spaces will be eligible, though priority will be given to schools that have no air conditioning.

The $25 million in PAYGO funding is to support security improvements in public schools. Funds will be allocated based on each local school system's proportion of total statewide square footage and will be used to support projects such as facility risk assessments, security cameras, photo identification systems for visitor sign-in, lockset changes for interior and exterior doors, hardening glass areas, relocating school office areas to a school's primary entrance area, and moving relocatable classrooms to improve supervision. Also see subpart Statewide Education Policy within this part or subpart Capital Budget within Part A of this *90 Day Report*.

Exhibit L-2 shows the amount of school construction funding that has been allocated by the Interagency Committee on Public School Construction (IAC). This includes the IAC's recommendations for the 90% allocation of GO bonds and the allocation of the $25.0 million in school security PAYGO funds. These allocations are subject to Board of Public Works (BPW) approval. The remaining 10% of school construction funds, or $27.5 million, that IAC has yet to allocate, contingency funds that may be available, and $25.0 million reserved for air conditioning projects will be approved by BPW after May 1, 2013.

Aging Schools

The fiscal 2014 capital budget also includes $8.1 million for the Aging Schools Program financed using GO bonds, an increase of $2.0 million over the Governor's proposed fiscal 2014 amount. The BRFA of 2012 specified that State funding and local allocations for the Aging Schools Program are not based on prior year funding, so the program enhancement does not obligate the State to the increased funding level in future years.

The fiscal 2014 capital budget includes $3.5 million in general obligation bonds added by the General Assembly to support a new Nonpublic Aging Schools program to provide grants for school construction projects eligible under the Aging Schools program, including school security improvements. Only nonpublic schools that meet the eligibility requirements for the Aid to Nonpublic Schools program will be eligible. Funds will be distributed on a per-student basis with a maximum of $35 per student except at schools with at least 20% of students are eligible for free or reduced price meals, which will receive $50 per student. Each school will receive at least $5,000.

Exhibit L-2

Fiscal 2014 Public School Construction Funding

($ in Thousands)

Local School System	90% Recommendation	School Security	Total
Allegany	$1,950	$322	$2,272
Anne Arundel	24,400	2,313	26,713
Baltimore City	25,760	3,178	28,938
Baltimore County	25,760	2,914	28,674
Calvert	4,527	435	4,962
Caroline	6,872	152	7,024
Carroll	4,057	817	4,874
Cecil	884	384	1,268
Charles	7,380	659	8,039
Dorchester	1,032	172	1,204
Frederick	17,129	1,163	18,292
Garrett[1]	0	134	134
Harford	12,258	1,088	13,346
Howard	23,100	1,431	24,531
Kent[1]	0	95	95
Montgomery	27,009	4,186	31,195
Prince George's	25,760	3,360	29,120
Queen Anne's	2,000	233	2,233
St. Mary's	6,363	402	6,765
Somerset	3,691	120	3,811
Talbot	122	128	250
Washington	7,831	605	8,436
Wicomico	9,835	394	10,229
Worcester	4,200	215	4,415
MD School for the Blind	5,580	100	5,680
Air Conditioning Initiative	-	-	25,000
Remaining 10% Allocation	-	-	27,500
Total	**$247,500**	**$25,000**	**$325,000**

[1] Garrett and Kent counties did not request any funds.

Notes: The remaining 10% allocation and funds for the Air Conditioning Initiative will be approved by the Board of Public Works after May 1, 2013. Available contingency funds that were previously authorized and unexpended are not included.

Source: Public School Construction Program

Solar Technology

The fiscal 2013 capital budget dedicated $25.0 million to an Energy Efficiency Initiative for public schools. In line with that initiative and due to increased interest in green technology, ***Senate Bill 245/House Bill 103*** ***(both passed)*** require BPW to adopt regulations that require the design development documents submitted by local boards of education to IAC for the construction or major renovation of a public school building include an evaluation of the use of solar technology, including photovoltaic or solar water heating, based on life-cycle costs. If an evaluation determines that solar technology is not appropriate for a specific school construction or major renovation project, the local board must submit a report explaining why it is not appropriate.

Baltimore City Public Schools Construction and Revitalization Act of 2013

House Bill 860 ***(passed)*** allocates $20 million in annual State lottery proceeds and $40 million in annual Baltimore City revenues to support a multiyear, $1.1 billion public school construction and renovation initiative in Baltimore City. Subject to the approval of BPW and a four-party memorandum of understanding (MOU) between the Maryland Stadium Authority (MSA), the Baltimore City Board of School Commissioners (BCBSC), IAC, and Baltimore City, MSA is authorized to issue up to $1.1 billion in bonds to fund public school construction and renovation projects in Baltimore City. MSA will manage the funds and, in accordance with the terms of the MOU and the 10-year school construction plan adopted by BCBSC, the construction of up to 15 new schools. BCBSC will manage the renovation of as many as 40 schools. The State and local funds dedicated to the initiative are pledged to pay debt service on the bonds issued by MSA, and may also be used to cover administrative costs incurred by MSA and BCBSC in implementing the program. MSA may not spend any of its own funds, whether appropriated or nonbudgeted, to cover its administrative costs. The bill also raises BCBSC's statutory limit on the principal amount of outstanding bonds from $100 million to $200 million.

The initiative addresses the bulk of BCBSC's $1.4 billion in immediate infrastructure needs. A June 2012 report commissioned by BCBSC and conducted by Jacobs Project Management examined the condition of Baltimore City public school facilities and identified $2.4 billion worth of facility deficiencies over the next 10 years. Of that, $1.4 billion represents current needs and $1.0 billion represents 10-year life cycle deficiencies. Specifically, the report noted that 23% of Baltimore City school buildings were built before 1946, making them the oldest school facilities in the State, with more than two-thirds in "very poor" condition. The 10-year plan that resulted from the Jacobs report includes vacating 26 buildings, substantially renovating or replacing 49 buildings, and renovating 87 buildings. Under the bill, BCBSC must follow specified procedures for closing existing school facilities, and must repay the State an estimated $12.2 million in outstanding State debt on the 26 schools it is closing. BCBSC intends to use its expanded debt capacity to address ongoing and emergency maintenance needs for the duration of the initiative.

Funding for the initiative is phased in over the next four years, with each of the State, Baltimore City, and BCBSC contributing $20 million annually when the phase in is complete.

The State, Baltimore City, and BSBSC funding continues until MSA bonds are no longer outstanding.

- **Baltimore City:** $10 million in State funds, due to BSCBC from recurring retiree health care costs shifted by Baltimore City to the school system beginning in fiscal 2013.

  All proceeds generated by the Baltimore City beverage container tax, table games at the video lottery facility located in Baltimore City, and 10% of the participation rent paid by the video lottery facility in Baltimore City. Beginning in fiscal 2015, if the amounts generated by the beverage container tax and gaming revenues fall short of the $10 million funding target established by the bill, and if excess revenue from prior years is not available or is insufficient, the Comptroller is authorized to withhold local income tax revenue from Baltimore City in the amount necessary to cover the difference;

- **State:** $20 million in State lottery proceeds beginning in fiscal 2015; and

- **BCBSC:** $10 million in State operating aid to BCBSC is diverted to the financing fund in fiscal 2016, increasing to $20 million annually in fiscal 2017.

Qualified Zone Academy Bonds

House Bill 115 ***(passed)*** authorizes $4.5 million in Qualified Zone Academy Bonds (QZAB) to be issued by December 31, 2013. Since 2001, the State has issued $83.1 million in QZABs allocated by the federal government to Maryland. QZABs are an alternative bond program that the federal government authorizes with bond holders receiving federal tax credits in lieu of interest.

Federal rules for QZABs require a 10% private-sector match, limit the use of QZABs to schools in which at least 35% of students qualify for free and reduced price meals, and since 2008, have required that funds be encumbered within six months and spent within three years of the date of issuance. These requirements have presented challenges for local school systems and, as of December 31, 2012, the unexpended QZAB balance was $28.6 million. To help speed up spending and broaden the reach of QZABs, legislation passed during the 2012 and 2013 sessions allows QZAB proceeds to be used in two ways: (1) for competitively awarded grants by IAC; and (2) for targeted grants awarded by the Maryland State Department of Education (MSDE) under the Breakthrough Center Program. The Breakthrough Center's primary focus is to efficiently coordinate MSDE's resources for low-performing schools in Baltimore City and Prince George's County. The QZAB legislation passed in 2012 and ***House Bill 115*** specify that charter schools are eligible for the funds.

Public Library Capital Grants

The fiscal 2014 capital budget includes $5.0 million in general obligation bond funds to support public library capital grants, $2.7 million above the Governor's proposed amount, meeting the program's $5.0 million legislative mandate. ***Senate Bill 633*** ***(passed)*** alters the State share and local matching requirement for the public library capital grant program based on the per capita wealth measure that is used to calculate the State aid formula for operating grants to public libraries. Under the bill, the State share cannot be less than 50% nor greater than 90%.

Statewide Education Policy

In addition to addressing funding for public schools, the General Assembly considered and passed bills relating to school and student safety, chronically truant students, copyrighting student work, virtual learning, teacher certification, and collective bargaining. The General Assembly also passed bills to establish various education-related commissions and task forces, as well as a Maryland Public Charter School Program Study.

School and Student Safety

In response to the December 2012 mass shooting at Sandy Hook Elementary School in Newtown, Connecticut and ongoing local incidents, including bullying, school and student safety were widely discussed during the 2013 legislative session. At least 16 states have centers dedicated to school safety that serve as central locations for school safety information and provide schools with research, training, and technical assistance to reduce youth violence and promote safety.

Center for School Safety*: *House Bill 453* *(passed) establishes the Maryland Center for School Safety as an independent unit of State government based at Bowie State University. Beginning in fiscal 2015, the Governor must provide $500,000 in the annual State budget for the center. The center may establish three satellite offices at institutions of higher education in specified regions of the State. The center must assist MSDE and local school systems in preparing an annual report that combines multiple school safety data systems into one format for public review and in incorporating new data points into existing data collection systems. In addition, the fiscal 2014 budget includes $500,000 for a separate Center for School Safety to be operated by the State Police.

Emergency Management Plans: Also in response to school safety concerns, ***Senate Bill 143*/*House Bill 983* (both passed)** require local boards of education to evaluate the emergency management plan (EMP) in each public school by February 1, 2014 Each local board of education must also submit a report to MSDE on the required evaluation by March 1, 2014. By July 1, 2014, MSDE must submit to the General Assembly a report on EMPs in State public schools, recommendations on improving the EMPs, and the cost of improvements to the EMPs.

The fiscal 2014 capital budget also includes $25 million for statewide public school security improvements and budget narrative requests that counties and local education agencies make installing controlled access measures in all public schools a priority in allocating school construction funding, including Aging Schools and QZAB funding. For a more detailed discussion of the $25 million grant for school safety and security, see the subpart "Public School Construction" within this part or subpart "Capital Budget" within Part A of this *90 Day Report.* Also see subpart "Public Safety" within Part E of this *90 Day Report* for discussion on these issues.

Criminal Background Checks: According to a 2010 survey, 14 of the 24 local school systems required criminal background checks for student teachers. However, most of those 14 local school systems do not recognize the background checks of other local school systems. Therefore, a student teacher assigned to more than one local school system within a year may have been required to obtain and pay for multiple background checks.

House Bill 1408 ***(passed)*** eliminates the need for a student teacher to receive multiple background checks within a year by requiring the Department of Public Safety and Correctional Services, upon receiving a written request from a student teacher, to submit a printed statement regarding a criminal history records check to additional employers if the check was completed within the past 365 days and by providing that the printed statement is valid in any county.

Epinephrine Availability and Use: According to the National Institutes of Health, the prevalence of food allergies is 5% in children and 4% in adults and appears to be increasing. The most common treatment for a severe allergic reaction known as anaphylaxis is an injection of epinephrine. Chapters 552 and 553 of 2012 required each local board of education to establish a policy for public schools within its jurisdiction to authorize the school nurse and other school personnel to administer auto-injectable epinephrine to a student who is determined to be or perceived to be in anaphylaxis.

Senate Bill 815**/*****House Bill 1014*** ***(both passed)*** expand that policy by authorizing each nonpublic school in the State to establish a policy authorizing school personnel to administer auto-injectable epinephrine to a student who is determined to be or perceived to be in anaphylaxis, regardless of whether the student has been previously identified as having an anaphylactic allergy or has a prescription for epinephrine. The policy must also include training for school personnel by a qualified health care practitioner on how to recognize the signs and symptoms of anaphylaxis, procedures for the emergency administration of auto-injectable epinephrine, proper follow-up emergency procedures, a provision authorizing a school nurse or other licensed health care practitioner to obtain and school personnel to store auto-injectable epinephrine to be used in an emergency situation, and an ongoing process for oversight and monitoring of the policy by a licensed health care practitioner. ***Senate Bill 815*****/*****House Bill 1014*** also provide that a school nurse or other school personnel at a public school or school personnel at a nonpublic school may not be held personally liable for any act or omission in the course of responding to a child's anaphylactic reaction. Finally, notification of the school's policy must be given to parents at the beginning of each school year.

Truant Students

A child age 5 to 15 must attend public school regularly unless the child is otherwise receiving regular, thorough instruction in an alternative setting (*i.e.*, a private or home school). Regulations specify that a record of the daily attendance of each student must be kept in accordance with the Maryland Student Records System Manual (2011). Unlawful absence is any absence that does not meet 1 of 10 conditions in regulation. Each local school system is required to develop a student attendance policy that includes penalties for not meeting attendance standards and actions that will be taken when a student is unlawfully absent. The attendance monitoring procedure must include early intervention and chronic absenteeism strategies and procedures. Students who are chronically absent must be referred to pupil services or other central office professionals for case management.

Poor attendance is a key warning sign that a student may drop out of high school. One study of Chicago public schools found that missing 20% of the school days in grade 9 is a better predictor of whether a student is going to drop out than grade 8 test scores. In order to address this issue, ***House Bill 207*** ***(passed)*** requires each local board of education to develop a system of active intervention for students who are truant. Any student attending kindergarten through grade 12 who is truant, which is defined as being unlawfully absent more than 8 school days in any quarter, 15 days in any semester, or 20 days in a school year, must immediately be referred for intervention. Further, the bill makes clear that a local board of education may intervene in the case of a student who is frequently absent from school for both lawful and unlawful purposes even if the student is not a truant student as defined in the bill.

Student Work Product – Claim of Copyright Prohibited

Title 17 of the U.S. Code provides copyright protection to the authors of "original works of authorship," including literary, dramatic, musical, artistic, and certain other intellectual works. This protection is available to both published and unpublished works. In 2013, the Prince George's County Board of Education took no action on a proposal before the board that would have stated that certain works created by employees and students are properties of the board. To prevent similar proposals in the future, ***House Bill 1393*** ***(passed)*** prohibits a local board of education from claiming ownership rights, property rights, or the copyright to the student work product of a public school student. Under the bill, "student work product" includes written reports, essays, tests, homework, personal class notes, art projects, and computer software.

Virtual Learning

Online courses and services, especially as the delivery methods become more sophisticated, can end up presenting obstacles to some individuals with disabilities, particularly the blind. ***Senate Bill 461***/***House Bill 1176*** ***(both passed)*** generally codify the requirement established in Chapters 287 and 288 of 2012 that the development, review, and approval of an online course or service by MSDE must include an assessment regarding the accessibility of the online course or service to individuals with disabilities, including the blind. To that end, MSDE may contract with a third party to develop an accessibility assessment or conduct an assessment of course accessibility that will determine the approval or denial status of the course and provide feedback to the course provider. The State Board of Education may set reasonable fees for accessibility assessments.

Teacher Certification

Senate Bill 926 ***(passed)*** repeals the June 30, 2013 termination date of the State and Local Aid Program for Certification by the National Board for Professional Teaching Standards (NBPTS). The program pays the NBPTS certification fee of teachers who are selected to participate in the program. The State is required to pay two-thirds of the certification fee, and the local school system that employs the selected teacher is required to pay one-third. Up to 1,000 teachers per year may be selected to participate in the program. Both teachers seeking initial certification and teachers seeking renewal of certification are eligible for the program. The State Board of Education is authorized to fund up to one retake of an unsuccessful entry on the NBPTS assessment. The initial NBPTS certification fee is $2,500, the certification renewal fee is $1,250, and the fee for a retake of an NBPTS entry is $350.

Senate Bill 273/House Bill 225 (both passed) are Administration bills that facilitate professional licensing for active military personnel, veterans, and their spouses through the expedited issuance of specified licenses, registrations, and certificates. To that end, the State Superintendent of Schools must expedite educator certification for a service member, veteran, or military spouse. For further discussion of this issue, see the subpart "Educational Alignment and Success" in this part and subpart "Business Occupations" within Part H – Business and Economic Issues of this *90 Day Report*.

Collective Bargaining

In 2012, nonmember service or representation fees for certificated school employees were authorized in 10 counties and Baltimore City. Likewise, nonmember service or representation fees for noncertificated school employees were required in five counties and authorized in three counties and Baltimore City.

Local Boards of Education: ***Senate Bill 422/House Bill 667 (both passed)*** require each local board of education and the employee organizations representing both certificated and noncertificated public school employees in the State to negotiate a reasonable service or representation fee to be charged to nonmembers of the employee organizations. An employee whose religious beliefs are opposed to joining or financially supporting any collective bargaining organization is not required to pay a service or representation fee. However, the employee is required to pay an amount equal to the fee to a nonreligious, nonunion charity, or to such other charitable organization as may be mutually agreed upon.

In a county in which a service or representation fee has been negotiated before July 1, 2013, the fee must be implemented under the provisions of the agreement without the need for further negotiations. In a county in which a service or representation fee was not negotiated before July 1, 2013, the bill specifies that members of the employee organization and nonmembers affected by the fee are eligible to vote on the agreement that implements a service or representation fee, and a majority of those voting is required for ratification. When negotiating a service or representation fee, whether the fee is applicable to current employees must be negotiated first. Current employees who are in a unit with a negotiated service or representation fee who are exempt from paying the fee may not be subject to any further negotiations regarding their exempt status.

Public Higher Education Institutions: Similarly, ***Senate Bill 841/House Bill 863 (both passed)*** are Administration bills that authorize an employee organization to collectively bargain with institutions of the University System of Maryland, Morgan State University, St. Mary's

College of Maryland, and Baltimore City Community College regarding the right of the employee organization to collect service fees from nonmembers. For a further discussion of this bill, see the subpart "Personnel" within Part C – State Government of this *90 Day Report*.

Howard County Library Systems: Library employees in Montgomery and Prince George's counties bargain collectively. ***House Bill 865*** ***(passed)*** establishes a collective bargaining process for nonmanagement employees of the Howard County Library System. The bill establishes two employee collective bargaining units: a professional and technical unit for professional, paraprofessional, and technical employees; and a service and labor unit for employees who maintain buildings, facilities, or grounds. An employee may form, join, and participate in an employee organization; bargain collectively through a representative of their choice; and engage in lawful concerted activities for their mutual aid and protection. An employee also may refuse to join or participate in the activities of an employee organization. The bargaining units may not include management or confidential employees. Job title may not be the exclusive basis for concluding that an employee is a management employee; and the nature of the employee's work, including whether or not a major portion of the working time of the employee is spent as a part of a team with nonmanagement employees, must be considered.

Task Forces, Commissions, and Studies

During the 2013 legislative session, the General Assembly passed legislation to study many issues, including access to special education services, increasing the number of high-quality minority teachers in the public schools in the State, establishing an educator's service memorial, the start date for public schools, and improvements to the public charter school program.

Commission on Special Education Access and Equity: ***House Bill 1161*** ***(passed)*** establishes a Commission on Special Education Access and Equity. The commission must study the extent to which parents and guardians of students with disabilities are made aware of their rights under the Individuals with Disabilities Education Act (IDEA) and State law and regulations relating to children with disabilities and potential ways to improve the awareness of these rights. The commission must also study disparities and potential methods for eliminating any disparities based on race, national origin, and limited English proficiency in the knowledge of and access to special education services; rights under IDEA; access to and participation in Individualized Education Program mediation and appeals; and access to and participation in free and reduced price meals.

Also, the commission must study the effects of workload, caseload, and paperwork requirements related to the special education process on the ability of educators to provide a free and appropriate public education, and potential methods for mitigating these factors. Further, the commission must study concerns about equity between the parties in special education due process hearings and potential methods for improving the process, the State and local costs of all proposals considered or recommended by the commission, and any other issues related to access and equity in the provision of special education services. The commission must report its findings and recommendations by June 30, 2014.

Task Force to Study a Post Labor-Day Start Date for Maryland Public Schools: Local school systems in Maryland are typically closed on Labor Day, the first Monday in September. According to posted calendars for the 2012-2013 school year, all 24 local school systems opened school for at least some students before Labor Day. Several school systems begin the school year for kindergarten and/or prekindergarten a few days after the start date for other students. ***Senate Bill 963*** ***(passed)*** establishes a Task Force to Study a Post-Labor Day Start Date for Maryland Public Schools. The task force must study the impact of moving the start date of the public school year to after Labor Day on the economy and summer tourism, as well as on the education system, including the academic calendar, planning, administration, and facilities use. The task force must report its findings and recommendations to the Governor and the General Assembly by June 30, 2014.

Minority Teacher Recruitment Study: As of October 2012, 76.4% of teachers in Maryland were White, 16.6% were African American, and 7.0% were another race. As of September 2012, the student population in Maryland public schools was as follows: 0.3% American Indian or Alaskan Native, 6.0% Asian, 35.1% African American, 41.8% White, 12.9% Hispanic, 0.1% Native Hawaiian or other Pacific Islander, and 3.9% were two or more races. To address this disparity, ***Senate Bill 548***/***House Bill 1168*** ***(both passed)*** require MSDE, the Maryland Higher Education Commission, and the University System of Maryland to study and make recommendations on strategies to increase and improve the recruitment, preparation, development, and retention of high-quality minority teachers in elementary and secondary education in the State. A final report with any recommendations must be submitted by December 1, 2013.

Commission on the Establishment of a Maryland Educators Service Memorial: Maryland educators dedicate their lives on a daily basis in service to the teaching, care, safety, and future of the children in the State. ***Senate Bill 857***/***House Bill 1131*** ***(both passed)*** establish the Commission on the Establishment of a Maryland Educators Service Memorial. The commission must identify an appropriate site; estimate the total funding required; consider preliminary design ideas for the construction of the memorial; make recommendations regarding the site and the design of the memorial; and provide ongoing review and recommendations regarding the funding and construction of the memorial. A report of the commission's findings and recommendations must be submitted by December 1, 2013.

Maryland Public Charter School Program Study: Since 10 years have passed since the passage of the law creating the Maryland Public Charter School Program, ***Senate Bill 194*** ***(passed)*** requires MSDE to conduct a comprehensive study related to charter schools and provide recommendations to the Governor and the General Assembly by November 1, 2014, with a status report due December 1, 2013. The study and recommendations must include documented consultation and cooperation with interested stakeholders; a review and analysis of charter school laws deemed effective in other states and of research regarding innovative practices for charter schools authorizers; and recommendations for improvements to the Maryland Public Charter School Program. By December 31, 2014, the Department of Legislative Services must review the report and make comments to the General Assembly.

Local Education Policy

Prince George's County – School System Governance

The structure of the Prince George's County Board of Education has been changed several times over the past two decades. In 2002, Chapter 289 eliminated the then-elected county board and established a new board that consisted of nine voting members, jointly appointed by the County Executive of Prince George's County and the Governor from a list of nominees submitted by the State Board of Education, and one student member with limited voting privileges. The new board members took office June 1, 2002, and their terms expired December 3, 2006. Chapter 289 also eliminated the existing Prince George's County Superintendent of Schools position and replaced it with a chief executive officer (CEO) who was responsible for the overall administration of the county public school system. The CEO's contract, which could not exceed four years, provided that continued employment was contingent on demonstrable improvement in student performance and successful management of the school system. The provisions establishing the CEO and the CEO's responsibilities expired on June 30, 2006.

Pursuant to Chapter 289, on December 4, 2006, a county board consisting of nine newly elected members and one student member replaced the appointed board. Four members were elected from anywhere in the county, and the remaining five members were each elected from a different school board district. Then, in 2008, Chapters 348 and 349 established the current elected board structure, which was implemented following the 2010 general election. This elected board consists of nine elected members, each residing in one of nine school board districts, as well as one student member with limited voting rights. Each candidate must be a registered voter and a resident of the school board district the candidate intends to represent. Board members are elected by the registered voters of each school board district and serve four-year terms. A board member may not hold another office of profit in county government during the member's term. A seat on the board remains vacant if the vacancy occurs within 180 days of the end of the member's term; otherwise a special election is held to fill the vacancy. The county board has the authority to determine the geographical attendance area for each public school and to consolidate schools if practicable.

House Bill 1107 ***(Ch. 147)*** revises the governance of the Prince George's County public school system by restructuring the county board; enhancing the authority of the Prince George's County Superintendent of Schools – redesignated to be the CEO; and giving the County Executive of Prince George's County additional authority to select the CEO while reducing the authority of the county board. With the changes, Prince George's County becomes one of three counties that have a hybrid school board consisting of appointed and elected members (the other counties are Caroline and Harford). The Act takes effect June 1, 2013.

The legislation alters the membership of the county board by adding four appointed members to the existing elected board. The county executive appoints three of the members, one of whom must possess education experience; one must possess business, finance, or higher education experience; and one must have management experience. The Prince George's County

Council appoints one member who must be a parent of a student in the county school system. Each appointed member must be a resident of Prince George's County. The initial terms of the new positions are staggered and subsequent terms are for four years. The county executive must appoint the chair and vice chair from among the members of the county board, with the vice chair selected from the elected members, for two-year terms. If a seat held by an elected member becomes vacant, the county executive must appoint a qualified individual for the remainder of the term, with the appointment subject to rejection by a two-thirds vote of the county council.

The county executive must select the CEO from a list of three nominees recommended by a search committee composed of State and local representatives. The county board must appoint the CEO after agreement on contract terms negotiated by the chair of the county board. The CEO serves a four-year term beginning on July 1, but may be appointed after July 1 to fill the current vacancy.

The purpose of the county board is codified as intending to raise the level of academic achievement of the students and to raise the level of engagement of the parents, students, and community as a whole. The CEO is responsible for the day-to-day management and operation of the school system, including the budget, the development and implementation of curriculum, the hiring and setting of salaries of the executive officers and staff in the office of the CEO, and the execution of a memorandum of understanding with institutions of higher education in the county for the provision of policy analysis and advice. ***House Bill 1107*** specifies that the county board may not contradict any action other than a personnel action by the CEO unless two-thirds of the members vote to countermand the action.

Personnel matters and appeals of personnel matters require a simple majority of board members to overturn a decision of the CEO, as they do under current law.

Under the legislation, the CEO may consolidate schools in the county if considered practicable, but the county board's responsibility for the geographical attendance areas of the schools is maintained. The CEO and the county board must hire a consultant to conduct a school utilization study and make recommendations, by December 1, 2014, regarding the geographical attendance areas and possible consolidation of schools.

Finally, the Act requires the county executive, the CEO, and the county board to submit an interim report on the implementation of the Act to relevant committees of the General Assembly by December 31, 2013, and, by December 31, 2017, a final report on the academic progress and improvement in the management of the school system and recommendations as to whether the provisions of the Act should continue.

Prince George's County – Financial Literacy

Pursuant to State regulations, the Prince George's County public school system has financial literacy embedded in elementary, middle, and high school social studies courses. The school system also offers a high school financial literacy course as an elective and plans to open a Junior Achievement Finance Park for the 2014-2015 school year. The park is intended to provide a hands-on financial literacy education experience for all eighth grade public school students, in addition to related financial literacy classroom time. ***House Bill 1073*** ***(passed)*** authorizes the county board to develop curriculum content for a hands-on course in financial literacy to be offered to all eighth grade students beginning in the 2013-2014 school year. The bill specifies instructional topics that must be included if the county board develops the curriculum content.

Carroll County – Board of Education

The Carroll County Board of Education consists of five elected and voting members and the county commissioners, who are nonvoting *ex-officio* members. Statute does not provide for a student member. However, consistent with county board policy, ***Senate Bill 428/House Bill 319*** ***(both passed)*** add one nonvoting student representative to the county board. The student representative must be an eleventh or twelfth grade student in the county, elected by high school students in the county, and serving as a student government representative at the student's high school. The student representative serves a one-year term and advises the county board on the thoughts and feelings of students in the county public schools. The student representative may not attend an executive session of the board unless invited to attend by a majority vote of the county board. The bills also clarify that only voting members of the county board are entitled to specified compensation.

Montgomery County – Board of Education

The Montgomery County Board of Education consists of seven elected members, two elected from the county at large and five from separate board of education districts, as well as one student member. The compensation for county board members was last adjusted by Chapter 78 of 2002. ***House Bill 674*** ***(passed)*** increases the annual salary of the county board by $6,500 per board member. Because the Maryland Constitution prohibits increases in the salaries and compensation of board members during a term of office, the compensation increase will take effect at the beginning of the next terms of office. The board president will receive an annual salary of $29,000 and other board members will receive an annual salary of $25,000.

Anne Arundel County – Drug Free School Zone Signs

A county board of education may adopt regulations requiring the posting of signs designating areas within 1,000 feet of public and nonpublic schools as "drug free school zones." The signs must be designed to provide notice of relevant provisions of the Criminal Law Article. In Baltimore City and Prince George's County, all new and replacement signs must include a hotline number to report information concerning suspected illegal drug activity. ***Senate Bill 426***/***House Bill 891*** ***(both passed)*** impose the same requirement in Anne Arundel County.

Cecil County – School Bus Operation

A conventional school bus generally may be operated for up to 12 years, unless the bus fails to meet applicable safety standards. In nine counties (Calvert, Caroline, Charles, Dorchester, St. Mary's, Somerset, Talbot, Wicomico, and Worcester), a conventional school bus may be operated for up to 15 years. Conventional school buses may also be operated beyond the 12-year limit if (1) the State Superintendent of Schools grants approval; (2) the bus is maintained under a preventive maintenance plan that is approved by the Motor Vehicle Administration (MVA) and the Department of State Police and includes a 12-year inspection and subsequent semiannual inspections; (3) any structural repairs to the bus meet or exceed the manufacturer's original manufacturing standards, as certified by an independent expert approved by MVA; and (4) the bus is properly equipped with specified safety features. ***House Bill 1171*** ***(passed)*** adds Cecil County to the list of counties in which a conventional school bus may be operated for up to 15 years before these requirements apply.

Educational Alignment and Success

In 2009 the Governor announced Maryland's college completion goal: by 2025, at least 55% of the State's residents age 25 to 64 will hold at least an associate's or bachelor's degree. This would be a 10.6 percentage point increase from 2009, when 44.4% of those age 25 to 64 held an associate's degree or higher. This rate improved to 45.4% in 2011, ranking Maryland eighth in the nation according to the National Center for Higher Education Management Systems.

In order to meet this goal, a coordinated effort aligned along the P-20 continuum (prekindergarten, primary, secondary, and postsecondary education; college completion; and career attainment) will be necessary. The preparation of students to succeed in college and career includes, among other things the alignment of curricular requirements in high school with college and career expectations, the availability and accessibility of college-level courses to high school students; the facilitation of credit transfer between community colleges and four-year institutions of higher education; the encouragement of the return of students to institutions who nearly completed their degrees; and the articulation of military course work and education toward a degree. Modification and review of the general educational development (GED) test will also contribute toward meeting this goal.

College and Career Readiness and College Completion

According to *Help Wanted* by the Georgetown University Center on Education and Workforce, by 2018, 66% of Maryland's jobs will require some postsecondary education or training. ***Senate Bill 740*** ***(passed)***, the College and Career Readiness and College Completion Act of 2013, represents a significant step toward achieving the State's goals of greater college and career readiness and increasing college completion rates.

Goals

The legislation codifies the goal that 55% of working-age adults in the State possess at least an associate's degree by 2025. The legislation also states that it is the State's goal that all high school students achieve mathematics competency in Algebra II and that all community college students earn an associate's degree before leaving the community college or transferring to a public four-year institution of higher education.

High School Curriculum

The Partnership for Assessment of Readiness for College and Careers (PARCC) is a national alliance of 22 states, including Maryland, that is developing assessments that are aligned with the Common Core State Standards (CCSS) in English language arts, literacy, and mathematics. Maryland and 44 other states have adopted CCSS, and Maryland's State curriculum from kindergarten through grade 12 incorporates CCSS. Ultimately, the PARCC assessments will replace the Maryland State Assessments and many of the High School Assessments.

Senate Bill 740 requires that, beginning with the 2015-2016 school year, all students be assessed using acceptable college placement cut scores no later than grade 11 to determine whether they are college and career ready specifically relating to English language arts, literacy, and mathematics. By the 2016-2017 school year, transition courses must be offered in grade 12 to those students found not to be college and career ready. These dates align with the timeline for full implementation of the PARCC assessments. The bill also requires a study on the content, development, and implementation of transition courses to be submitted by December 15, 2013.

Beginning with the grade 9 class of 2014, each student must be enrolled in a mathematics course during each year of high school that the student attends. MSDE must adopt regulations to establish which mathematics or math-related courses will fulfill the requirement for the fourth year of mathematics.

Dual Enrollment

Under the bill, a student who is dually enrolled in courses in both a high school in the State and a public institution of higher education may no longer be charged tuition by the institution. Instead, for up to four courses per student, each local school system must pay 75% of tuition to a public four-year institution. To a community college, the local school system must pay 75% of tuition, or 5% of the target per pupil foundation amount, whichever is less. In both instances, the local school system may then charge the student a fee of up to 90% of tuition or up to 90% of the 5% of the target amount, whichever is applicable. For each course in excess of four courses in which the student enrolls, the local school system must pay 90% of tuition to a public four-year institution and to a community college, the local school system must pay 90% of tuition, or 5% of the target amount, whichever is less. Again, in both instances, the local school system may then charge the student a fee of up to the full cost of tuition or up to the full 5% target amount, whichever is less. However, the local school system may not charge a fee to students who are eligible to receive free and reduced price meals and a student's ability to pay must be taken into account when setting fees. The bill also exempts agreements between public schools and institutions that provide for the charging of less than 75% of tuition per course or for the provision of payment for more than four courses at an institution.

Transfer of Credit

By July 1, 2016, the Maryland Higher Education Commission (MHEC) must develop and implement a statewide transfer agreement so that at least 60 credits of general education, elective, and major courses toward an Associate's of Art or an Associate's of Science degree from a community college transfer to a public four-year institution in the State. In addition, MHEC must develop and implement a reverse transfer agreement whereby at least 30 credits taken at a public four-year institution may be transferred back to a community college to count toward an associate's degree. Under ***Senate Bill 740***, the State and each public institution of higher education must develop incentives for students to achieve an associate's degree before graduating from a community college, and institutions must provide aid to students who transfer to their institution with an associate's degree.

Near Completers

The bill implements a statewide campaign to encourage individuals who have earned at least 45 credits at a community college or 90 credits at a public four-year institution, and who have earned at least a 2.0 grade point average but have left college without a credential, to re-enroll. The bill requires the State to provide a centralized contact point for information about and assistance with re-enrolling. MHEC must develop incentives for both the "near completers" and the colleges using all available resources.

Degree Plans and Pathways

Under the bill, each undergraduate student enrolled in a public four-year institution must submit a degree plan by the forty-fifth credit hour, and if the student transfers to the institution with 45 or more credits, he or she must file a degree plan within the first semester following transfer. If the student is enrolled at a community college, a degree plan must be submitted upon entering the institution. The degree plan must follow a pathway to a degree and must be developed in consultation with an academic advisor. Pathways must include credit-bearing mathematics and English classes during the first 24 credit hours of study for first-time degree-seeking students and must enroll students in credit-bearing English and mathematics classes following the completion of a developmental class. Additionally, pathways must include graduation progress benchmarks for each academic major and for the general education program for students who have not declared a major.

Credit-to-degree Standardization

Senate Bill 740 sets the standard number of credit hours required for a bachelor's degree at 120 credits, unless it is a five-year or professional program. By the fall 2015 semester, the standard number of credit hours required for an associate's degree will be 60 credits, unless the program is defined as more than a two-year associate's degree or a professional program.

The bill also includes numerous reporting requirements.

Articulating Military Coursework and Training

Senate Bill 153 ***(Ch. 24)*** and ***Senate Bill 273***/***House Bill 225*** ***(both passed)*** recognize that military training and associated military course work and education could warrant an award of academic credit under certain circumstances. All three bills require MHEC, in consultation with public institutions of higher education, to develop and adopt guidelines on awarding academic credit for a student's military training, course work, and education. The governing board of each public institution of higher education in the State must develop and implement policies governing the awarding of such credit. For a further discussion of ***Senate Bill 273***/***House Bill 225***, see the subparts "Primary and Secondary Education" within this Part, "State Agencies, Office, and Officials" within Part C – State Government, "Business Occupations" within Part H – Business and Economic Issues, and "Health Occupations" within Part J – Health and Human Services of this *90 Day Report*.

Adult Education and the General Educational Development Test

Approximately 9,900 GED tests were administered in Maryland in fiscal 2012, and 5,700 individuals were awarded a high school diploma after taking the test. An individual who has resided in this State or on a federal reservation in this State for at least three months may obtain a high school diploma by examination through the GED program. To qualify, an individual must be at least age 16 and may not have already obtained a high school diploma. The Department of Labor, Licensing, and Regulation (DLLR) may waive the residency requirement only when justified. DLLR reports that eliminating the three-month residency requirement may provide an additional incentive for affected individuals to take the GED, thus allowing more individuals to advance their education and move closer to gaining industry-valued skills and earning the credentials necessary to find meaningful work. To this end, ***Senate Bill 58*** ***(passed)*** repeals the minimum three-month State residency requirement for individuals who are seeking to obtain a GED in Maryland.

The Division of Workforce Development and Adult Learning (DWDAL), within DLLR, oversees Maryland's Adult Instructional Services and GED testing programs. The current version of the GED test, known as the 2002 Series GED test, will be replaced with the new 2014 GED test on January 2, 2014. The 2014 GED test is reportedly more rigorous than the current GED test, and will be aligned with CCSS. In addition, the 2014 GED will be computer based, will be only offered at Pearson testing centers, and will have a higher test fee of $120 compared to the current $45 fee. In response to the changes to the GED test, 25 states have formed a workgroup to consider GED alternatives, either by developing a new test or paying a private company that can do it for less than what the new GED test will cost.

In response to concerns about the changes to the GED test, ***House Bill 830*** ***(Ch. 141)*** requires DWDAL to conduct a study to identify alternative methods for an individual to earn the equivalent of a high school diploma without passing the GED. By December 1, 2013, DWDAL must report on the results of the study, which must consider, among other things, whether an alternative method presents greater opportunities for individuals to obtain the equivalent of a high school diploma and whether the costs of an alternative method as compared with the costs of the GED tests justify the adoption of an alternative method.

Higher Education

Funding

State support for higher education in the fiscal 2014 budget totals nearly $1.8 billion, an increase of $138.3 million or 8.5% over fiscal 2013 as shown in **Exhibit L-3**. Higher education institutions receive the bulk of new State funds, approximately $130.4 million, which includes new general funds and Higher Education Investment Funds (HEIF).

Exhibit L-3
State Support for Higher Education
Fiscal 2013 and 2014
($ in Millions)

	FY 2013	FY 2014[1]	$ Change FY13-14	%Change FY 13-14
University System of Maryland	$1,074.5	$1,175.6	$101.1	9.4%
Morgan State University	74.2	82.3	8.1	10.9%
St. Mary's College of Maryland	18.5	19.9	1.5	7.9%
MHEC Special Grants[2]	7.5	8.2	0.6	8.1%
Community Colleges[3]	272.3	286.6	14.3	5.2%
Baltimore City Community College	40.6	42.2	1.7	4.1%
Independent Institutions	38.1	41.3	3.2	8.5%
MHEC Administration	5.8	6.4	0.6	10.6%
MHEC Student Financial Aid	102.9	110.1	7.2	7.0%
Total	**$1,634.3**	**$1,772.6**	**$138.3**	**8.5%**

MHEC: Maryland Higher Education Commission

[1]Fiscal 2014 includes 3% cost-of-living adjustment effective January 1, 2014, and does not reflect reduction of pension reinvestment funds in Section 42 of the budget bill related to the federal government sequestration.

[2]Special grants funded with State general and special funds are included, which primarily pass through to higher education institutions.

[3]Community College funds include the Senate John A. Cade formula, other programs, and fringe benefits. Fiscal 2013 includes a $3.0 million deficiency appropriation for Statewide and Health Manpower Grant Programs.

Note: Includes general funds and Higher Education Investment Funds.

Source: Maryland State Budget Books; Department of Legislative Services

University System of Maryland and Morgan State University

The University System of Maryland (USM) receives an increase of $101.1 million, or a 9.4% increase over fiscal 2013. This includes $23.4 million of enhancement funding to fund various USM initiatives of which $14.7 million is for programs and initiatives designed to improve student performance and success that include course redesign and science, technology, engineering, and math (STEM); public health; and workforce initiatives. Bowie State University, University of Maryland Eastern Shore, and Coppin State University receive $0.9 million to convert contractual faculty positions to regular positions and $1.1 million for institutional need-based financial aid. MPowering, an alliance between the University of Maryland, College Park and the University of Maryland, Baltimore that leverages the resources of each to improve and enhance academic, research, and technology transfer programs, receives $6.7 million for initiatives. Additionally, the General Assembly restricted $3.0 million of USM's general fund appropriation to be transferred to the Maryland Higher Education Commission Educational Excellence Awards to provide need-based aid to full-time students.

Morgan State University (MSU) receives a total increase of $8.1 million or a 10.9% increase over fiscal 2013, which includes $2.2 million in enhancement funding to convert contractual faculty and staff positions to regular positions. MSU also receives $0.7 million of enhancement funding to increase institutional need-based financial aid.

Resident Tuition Rates Increase at USM and MSU

For a fourth consecutive year, the budget includes funds for USM institutions, excluding Salisbury University (SU), to limit increases in resident undergraduate tuition to 3%. SU will increase tuition by 6% to align its resident tuition with rates charged by its peer institutions. The budget as introduced provides funds to USM equivalent to an additional 1% increase in tuition rates; however, tuition increases are contingent upon the approval of the USM Board of Regents. MSU's budget assumes a 3% increase in resident undergraduate tuition, which is contingent upon the approval of MSU's Board of Regents.

St. Mary's College of Maryland

In response to rising tuition rates in fiscal 2002 through 2005, resident undergraduate tuition rates were frozen at the fall 2005 (fiscal 2006) rates at USM institutions and MSU for four academic years. Tuition at St. Mary's College of Maryland (SMCM) was limited to 4.8% in the first year of the freeze, but subsequent legislation and budgets did not include SMCM in the tuition freeze. In fiscal 2011, the tuition freeze was lifted and since then, USM and MSU have increased tuition rates by 3% each academic year, with funds provided from HEIF to offset additional tuition increases. SMCM, which is formula-funded and was not originally eligible to receive funds from HEIF, also increased tuition by 3% in fiscal 2013. As a result of Chapter 1 of the 2012 First Special Session, SMCM is now eligible to receive funds from HEIF and received $383,840 in the fiscal 2013 budget to offset an additional 2% tuition increase. The fiscal 2014 budget includes a provision to allow SMCM to receive up to $1.1 million from HEIF, contingent on enactment of ***Senate Bill 828***/***House Bill 831*** ***(both passed)***.

Senate Bill 828/***House Bill 831*** freeze the undergraduate resident tuition at SMCM at the fall 2012 rate for the two academic years beginning in fall 2013 and fall 2014. To help offset the tuition freeze, the Governor is required to appropriate $800,000 for SMCM from HEIF in fiscal 2014 and $1.6 million in fiscal 2015. The fiscal 2014 budget restricts funds for this purpose. Beginning in fiscal 2016, the general fund appropriation for SMCM must include the fiscal 2015 appropriation from this grant.

The bills also establish the DeSousa-Brent Scholars Completion Grant for SMCM. The DeSousa-Brent Scholars Program supports students from traditionally underrepresented groups at SMCM, with the goals of student retention and the reduction of the four-year graduation rate gap for underrepresented groups. The program primarily serves first-year students with only a small number of students remaining involved as peer mentors in subsequent years; however, SMCM hopes to expand the program into a four-year curriculum. ***Senate Bill 828***/***House Bill 831*** require the Governor to appropriate a specified amount to SMCM from HEIF for fiscal 2014 through 2019 for the DeSousa-Brent Scholars Completion Grant to increase the retention and graduation rates of DeSousa-Brent Scholars. The fiscal 2014 budget also restricts $300,000 for this purpose. If SMCM meets specified performance measures regarding DeSousa-Brent Scholars' retention and graduation rates, beginning in fiscal 2020 the general fund appropriation for SMCM must include the fiscal 2019 appropriation from this grant.

Community Colleges

Overall, State support for locally operated community colleges grows $14.3 million, or 5.2%, after accounting for a $3.0 million deficiency appropriation for an accrued liability in the Statewide and Health Manpower Grant Programs. This figure includes the Senator John A. Cade Funding Formula, State-paid retirement programs, and miscellaneous grants including funds for English for speakers of other languages (ESOL). In considering the Governor's allowance, the General Assembly made no reductions or other changes to funding as proposed. Similarly, there were no revisions to the Cade formula's out-year funding percentages. Fiscal 2014 funding for the Cade formula grows $13.8 million, State-supported teachers' and optional retirement programs increase by $3.3 million, and miscellaneous grants decrease by $2.8 million after accounting for the deficiency appropriation.

Baltimore City Community College (BCCC) is the only State-operated community college in the State and receives an appropriation separate from the locally operated community colleges. Funding for BCCC in fiscal 2014 grew $1.7 million, or 4.1%. Similar to the Cade formula, the General Assembly made no changes to the college's budget as proposed by the Governor, and also made no revisions to BCCC's formula for the coming years.

The 15 local community colleges and BCCC receive $800 per full-time equivalent ESOL student enrolled in the college, up to the maximum annual State appropriation for the program of $6 million for local community colleges, and $1 million for BCCC. Subject to this limit, if funding is insufficient to pay the full $800 per ESOL student, each grant must be prorated by the amount necessary to reduce the total amount of the grants to $6 million or $1 million, respectively, and the Governor must include a deficiency appropriation in the budget bill the following year to fund the full amount. The current statutory caps could be exceeded as early as fiscal 2015. ***House Bill 964*** ***(passed)*** increases the limit on annual State appropriations for ESOL to $8 million for local community colleges and $1.33 million for BCCC.

Independent Institutions

Independent institutions receive $41.3 million through the Joseph A. Sellinger Formula in fiscal 2014, an 8.5% increase from fiscal 2013. The Sellinger formula and appropriation were unchanged during the 2013 session.

Capital Funding

Capital funding for public four-year institutions totals $359.9 million for fiscal 2014, including $32.0 million in academic revenue bonds authorized by ***House Bill 616*** ***(Ch. 123)***. Community colleges receive $52.0 million for the Community College Facilities Grant Program and independent institutions receive $22.5 million in capital funding for fiscal 2014. For more information on authorized capital projects, see the subpart "Capital Budget" within Part A – Budget and State Aid of this *90 Day Report*.

Maryland Higher Education Commission

Regulation of Fully Online Distance Education Programs

Chapters 595 and 596 of 2012 established registration requirements for institutions of postsecondary education that enroll Maryland students in a fully online distance education program. ***Senate Bill 510*** ***(passed)*** alters the type of institution that is required to register with MHEC before enrolling Maryland students in fully online distance education programs, so that private career schools are excluded. Under the bill, an institution of higher education that is subject to program review by MHEC or participates in the Southern Regional Education Board's Electronic Campus is not required to register. At least twice a year, MHEC must peruse federal databases and other information sources to determine whether Maryland students are enrolled in a fully online distance education program offered by an institution of higher education that is required, but has failed, to register with MHEC.

Exempt and Unauthorized Institutions

Senate Bill 63 ***(Ch. 14)*** clarifies and alters the conditions under which MHEC may authorize religious educational institutions to operate without a certificate of approval. Specifically, if a religious educational institution is accredited by an accrediting body recognized by the U.S. Department of Education, the institution must obtain a certificate of approval from MHEC before the institution may operate in the State. Conversely, a nonaccredited religious educational institution may operate without a certificate of approval from MHEC; however, the institution is prohibited from offering instruction in nonsectarian or general education and the institution must disclose that it does not have a certificate of approval on all transcripts, catalogs, advertisements, and publications. Additionally, the Act expands the list of written acknowledgements that must be made by a student regarding the limitations of the instructional program of an exempt institution prior to enrollment.

Senate Bill 63 also authorizes MHEC to impose application and renewal fees on institutions seeking an exemption from the requirement to have a certificate of approval to operate in the State.

While certain institutions are exempt from obtaining a certificate of approval from MHEC, if an institution of postsecondary education is not authorized to operate in any state or country, ***Senate Bill 56*** ***(Ch. 10)*** prohibits a person from buying, selling, distributing, using, offering, or presenting as genuine a transcript, diploma, or grade report of that institution of postsecondary education. A person who violates the provisions of ***Senate Bill 56*** is guilty of a misdemeanor and subject to a maximum $1,000 fine or imprisonment for up to six months, or both.

University System of Maryland

University of Maryland Center for Environmental Science

The University of Maryland Center for Environmental Science (UMCES) is a research institute for environmental and natural sciences studies. Its mission is to develop a comprehensive program of environmental research, education, and service. Each of the three geographically distinct laboratories under UMCES serves as a regional center, offering natural science education programs to teachers and students in primary and secondary education. Although UMCES does not grant degrees, its faculty members contribute to graduate education by advising, teaching, and supervising the research of undergraduate and graduate students within USM degree-granting institutions.

House Bill 268 ***(Ch. 95)*** authorizes the Board of Regents of USM, subject to the approval of MHEC, to authorize UMCES to award graduate degrees in marine and environmental sciences jointly with another public four-year institution of higher education and to award post-baccalaureate certificates. The Marine-Estuarine-Environment Sciences program was established in 1978 as an interdisciplinary and inter-institutional graduate program and the program currently offers master's and doctoral degrees from USM four-year institutions in six areas: oceanography; fisheries science; ecology; environmental molecular biology; environmental chemistry; and environmental science.

Quasi-endowments

A quasi-endowment is a fund or investment established by the governing board of an organization with the expectation that the funds be invested and managed to last in perpetuity; however, the governing board may decide at any time to expend the principal. Institutions with quasi-endowments generally invest the funds like they would their endowment funds, which are restricted by external donors so that the principal cannot be spent within a certain time period or in perpetuity, but dip into the principal to provide cash flow for operations or projects during difficult financial periods or when funds are needed for a particular project.

Senate Bill 431 ***(passed)*** authorizes the Board of Regents of USM to maintain and manage quasi-endowment funds, which are defined as funds that USM retains and manages in the same manner as an endowment. However, the board may only make a one-time transfer of up to $50 million from its non-State supported fund balance to the quasi-endowment fund. USM advises that it intends to transfer a portion of its fund balance currently invested by the Treasurer to a quasi-endowment that would be invested by the USM Foundation, Inc. with a goal of earning a higher return on investment.

Governance and Regional Higher Education

Board of Regents of Morgan State University

The Board of Regents of MSU consists of 15 members appointed by the Governor with the advice and consent of the Senate. Each member serves a term of six years, with the exception of the student member who serves a one-year term. There are currently no limits on the number of consecutive terms a member may serve. Except for the student member, at least eight members of the board must be residents of the State. Currently five of the board members are out-of-state residents, two of whom are MSU alumni.

House Bill 238 ***(passed)*** alters the term of office of a member of the Board of Regents of MSU to five years and prohibits a member from serving more than two consecutive terms. Additionally, the bill limits the number of members of the board who are not alumni and who may be residents of other states to three. The residency requirement does not apply to the student member or a member of the board who was appointed on or before December 31, 2012. Finally, a member of the board who was appointed on or before December 31, 2012, may not serve, on completion of that term, more than one additional term of five years.

Governing Board of the Maryland Longitudinal Data System Center

Chapter 190 of 2010 established the Maryland Longitudinal Data System (MLDS) to contain individual-level student data and workforce data from all levels of education and the State's workforce. The legislation also established the MLDS Center within State government to serve as a central repository for the data, to ensure compliance with federal privacy laws, to perform research on the data sets, and to fulfill education reporting requirements and approved public information requests. Additionally, the legislation established an 11-member governing board of the center. For-profit and private nonprofit institutions of higher education and institutions of postsecondary education that are required to register due to offering fully online distance education courses to Maryland students must transfer student-level enrollment data, degree data, and financial aid data for all Maryland residents to MLDS in accordance with the required data security and safeguarding plan.

Senate Bill 945 ***(passed)*** alters these data requirements by requiring private nonprofit institutions of higher education that receive State funds to transfer student-level enrollment data, degree data, financial aid data, and credit data for all students to the MLDS in accordance with the data security and safeguarding plan. The bill also establishes that for-profit and private nonprofit institutions, including the Maryland Independent College and University Association

(MICUA), are not liable for a breach of confidentiality or for the disclosure, use, retention, or destruction of student-level data transferred in accordance with the data security and safeguarding plan to MLDS that results from an act or omission by the MLDS Center, a State agency, or a person provided access by the center or a State agency. The bill further adds the president of MICUA, or the president's designee, to the governing board of the center.

Southern Maryland Higher Education Council

Chapter 622 of 2011 established the 12-member Southern Maryland Higher Education Council to develop a strategy for improving access to higher education for the residents of Southern Maryland. An interim report with a short-term strategy was due by December 1, 2011, a final report with a long-term strategy was due by December 1, 2012, and the council was scheduled to terminate on June 30, 2013.

Following a report from the council that it is well underway in completing its task, the acting chair of the council submitted a letter to the Governor and the leadership of the General Assembly requesting a one-year extension of the council, with a final report due on December 1, 2013. Further, the council requested that an additional member be appointed to the council who has extensive knowledge of higher education in Maryland, thereby allowing the acting chair to officially serve as the chair of the council, and that MHEC be named as the council's official staffing agency. Accordingly, ***House Bill 7*** ***(passed)*** implements these requests and changes to the council.

Frederick Regional Higher Education Advisory Board

Frederick County has one community college and two private nonprofit institutions of higher education, but a 2011 report by USM revealed a demand for expanded higher education opportunities in Frederick County. Consequently, ***House Bill 527*** ***(passed)*** establishes the Frederick Regional Higher Education Advisory Board to conduct an assessment of unmet higher education needs in the region and assist in establishing a Frederick Regional Higher Education Center. The fiscal 2014 budget includes $120,000 in general funds contingent upon the enactment of ***House Bill 527*** to conduct a study for Frederick regional higher education and to conduct a study for the Northeast Maryland Higher Education Advisory Board.

Student Financial Assistance

Maryland Higher Education Commission and Student Financial Aid

Student financial aid programs administered by MHEC receive a total of $110.1 million in the fiscal 2014 budget, as shown in Exhibit L-3, a $7.2 million or 7.0% increase from fiscal 2013. Of the three programs that constitute need-based aid, the largest program, the Delegate Howard P. Rawlings Educational Excellence Awards (EEA), receives $7.6 million in additional funding, while the other two programs are level funded at the fiscal 2013 amounts. The fiscal 2014 budget also reflects the continuing phase-out of the Distinguished Scholar program, which is no longer making new awards.

The supplemental budget added $2.0 million to the EEA program and actions by the General Assembly restricted $3.0 million in USM's budget for the EEA program, for a total of $5.0 million in addition to $2.2 million included in the allowance. This is the largest increase in need-based aid in seven years. As of January 2013, the wait list for need-based aid totaled nearly 30,000 students; the additional $5 million will make awards to about 2,000 additional students in fiscal 2014.

MHEC receives $6.4 million in fiscal 2014 to administer student financial aid, grants, and other programs housed in MHEC. This is an increase of more than 10% over fiscal 2013, and the first increase to MHEC's budget in several years. The supplemental budget included five new positions as well as $250,000 for needed information system upgrades.

Scholarships

Charles W. Riley Firefighter and Ambulance and Rescue Squad Member Scholarship: The Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program provides partial or full reimbursement to any career or volunteer firefighter or ambulance or rescue squad member who receives credit for courses toward degrees in fire service technology or emergency medical technology. ***Senate Bill 587*** ***(passed)*** repeals the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program effective October 1, 2015, after students taking courses in the 2013-2014 academic year have been reimbursed, and establishes the Charles W. Riley Firefighter and Ambulance and Rescue Squad Member Scholarship.

To be eligible for a scholarship, an actively engaged firefighter, ambulance, or rescue squad member must be a Maryland resident and must be accepted for admission or enrolled in a regular undergraduate program at a Maryland public or private nonprofit institution of higher education or a two-year terminal certificate program at a community college in which the course work is eligible for transfer into a baccalaureate program at a Maryland public or private nonprofit institution of higher education. A firefighter or ambulance or rescue squad member must use the scholarship for courses credited toward a degree in fire service technology, emergency medical technology, fire service management, or public safety administration with a minor or concentration in fire service technology or fire service management.

A scholarship may be up to 100% of the equivalent annual tuition and mandatory fees of a resident undergraduate student at a four-year public institution of higher education within USM with the highest annual expenses for a full-time resident undergraduate. A scholarship may be used for the tuition and mandatory fees at any eligible institution. Scholarship recipients may hold the scholarship for up to five years of full-time study or eight years of part-time study.

A recipient of a scholarship must work for at least one year as a volunteer or career firefighter or ambulance or rescue squad member in an organized fire department or ambulance or rescue squad in the State after completion of an eligible program in an eligible institution. A scholarship recipient must repay MHEC the funds received for a scholarship if the recipient does not perform the required service obligation.

The bill also creates a nonlapsing special fund to be administered by MHEC for the scholarship and modifies the distribution of the $7.50 surcharge on certain traffic convictions to be distributed to fund the scholarship program instead of the reimbursement program, upon the reimbursement program's termination. Prior to those funds being available in fiscal 2017, funding for the scholarship must be provided in the annual budget.

Maryland First Scholarship: Although approximately 30% of entering freshmen in the United States are first-generation college students and approximately 24% are both first-generation students and qualify as low income, there is no State scholarship program that focuses on first-generation students. ***House Bill 526*** ***(passed)*** establishes the Maryland First Scholarship for first-generation students who meet certain eligibility requirements such as residency in Maryland, a demonstrated financial need, and at least a 3.0 grade point average at the end of the first semester of the senior year of high school or, if the individual graduated from high school more than four years prior to enrolling in an eligible institution, at least 40 hours of verifiable community service in the year before applying for the scholarship. A recipient may use the award for the tuition and mandatory fees and on-campus room and board at any public or private nonprofit institution of higher education in the State that possesses a certificate of approval from MHEC. The amount of the annual scholarship award varies depending on the type of institution of higher education the student attends.

House Bill 526 also creates the Maryland First Scholarship Fund as a nonlapsing, special fund to be administered by MHEC to make scholarship awards. Funds for the Maryland First Scholarship Program must be provided in the annual budget; however, no amount is specified.

Jean B. Cryor Memorial Scholarship: In memory of Jean B. Cryor, a member of the House of Delegates who served on the Commission on Education Finance, Equity, and Excellence, which led to enactment of the Bridge to Excellence in Public Schools Act of 2002, ***House Bill 963*** ***(passed)*** establishes the Jean B. Cryor Memorial Scholarship Program for the child or surviving spouse of a public or nonpublic school employee who died in the line of duty or is 100% disabled due to an injury sustained in the line of duty.

The Jean B. Cryor Memorial Scholarship Program is established under the same provisions of law as the Edward T. Conroy Memorial Scholarship Program, which awards postsecondary education financial assistance to several categories of students, including a child or surviving spouse of members of the U.S. Armed Forces or State or local public safety employees who died in the line of duty or suffered a 100% permanent disability sustained in the line of duty. ***House Bill 963*** alters the Edward T. Conroy Scholarship Fund to be the Edward T. Conroy and Jean B. Cryor Scholarship Fund.

To be eligible for a Jean B. Cryor Memorial Scholarship, an applicant must be a resident of Maryland or have been a resident of the State at the time of the event that made the applicant primarily eligible for the scholarship. Likewise, an applicant must be accepted for admission or enrolled in the regular undergraduate, graduate, or professional program at an eligible Maryland public or private nonprofit institution or be enrolled in a two-year terminal certificate program at a community college in which the course work is acceptable for transfer credit for an accredited baccalaureate program in the State. A "surviving spouse" is a person who has not remarried.

Awards may not exceed tuition and mandatory fees of a full-time undergraduate Maryland resident at a four-year institution within USM with the highest annual expenses for a full-time resident undergraduate. Awards also may not be less than $3,000 or the equivalent annual tuition and mandatory fees of the institution attended by the recipient of the scholarship, whichever is the least. Scholarships may be used for undergraduate or graduate study. Each recipient of a scholarship may hold the award for five years of full-time study or eight years of part-time study.

Correcting the Use of Nonbudgeted Accounts: In response to an Attorney General's letter that criticized the use of nonbudgeted accounts rather than special funds for statutory financial aid programs, ***Senate Bill 54*** ***(passed)*** alters the method of holding and accounting for the Educational Excellence Fund, the Edward T. Conroy (and Jean B. Cryor) Scholarship Fund, the Veterans of the Afghanistan and Iraq Conflicts Scholarship Fund, and the Workforce Shortage Student Assistance Grant Fund. ***Senate Bill 54*** alters these scholarship funds from being nonbudgeted accounts to being separate special, nonlapsing funds administered by MHEC, held by the State Treasurer, and accounted for by the Comptroller.

Tuition Subsidies

In-state Tuition for Military Veterans: In 2008, the U.S. Congress created the Post-9/11 GI Bill, which provides enhanced federal educational aid for veterans serving after 9/11. When actively serving in the U.S. Armed Forces, service members live where the military needs them, but after a service member is discharged, it can be difficult for them to establish residency in any state in order to receive in-state tuition benefits. Thus, despite the Post-9/11 GI Bill, some veterans are unable to afford college directly after discharge, which delays their reentry into the civilian workforce and life.

Legislation that would grant in-state tuition to all honorably discharged veterans has been introduced in several states and ***House Bill 935*** ***(passed)*** exempts honorably discharged veterans from the U.S. Armed Forces from paying out-of-state tuition at a public institution of higher education in Maryland if the individual resides in or is domiciled in the State. Under the bill, all honorably discharged veterans who live in or move to Maryland may receive in-state tuition without meeting a 3- or 12-month residency requirement, or without attending and graduating from a high school in the State and enrolling at a public institution of higher education within four years of discharge, which is required under Chapter 191 of 2011.

Tuition Waiver for Foster Care Recipients: A tuition waiver program for children in foster care homes was established in 2000 and was extended to foster care children who were adopted from an out-of-home placement in 2007. In 2011, eligibility for the program was expanded to allow a foster care recipient to enroll at a public institution of higher education before the recipient reaches age 25.

***Senate Bill 414*/*House Bill 1012* (both passed)** further expand the tuition waiver program to include individuals who are placed into guardianship or who are adopted from an out-of-home placement by a guardianship family. The bills also expand the credentials eligible for the tuition waiver to include a vocational certificate at a Maryland public institution of higher education. Additionally, the bills prohibit a scholarship or grant for postsecondary study received by specified foster care recipients eligible for a tuition waiver from being applied to tuition. Despite the tuition waiver, many former foster care recipients are unable to obtain a postsecondary degree because they are unable to pay for books and living expenses due to the scholarships and grants currently being applied to tuition and mandatory fees.

Students with Disabilities

An individual with a disability who is out of the workforce is exempt from paying tuition for a community college class that has at least 10 regularly enrolled students for continuing education instruction designed to lead to employment, including life skills instruction. These life skills, which include soft skills such as communication, cooperation, problem solving, self-initiation, and responsibility, have been shown to be related to job stability and expand an individual's community participation.

***House Bill 813* (passed)** establishes a Task Force to Study the Impact of Expanding Credit and Noncredit Courses for Students with Intellectual and Developmental Disabilities. The task force is charged with studying the impact of expanding the availability of credit and noncredit course offerings for students with intellectual and developmental disabilities at public institutions of higher education in the State, including costs; distance-learning options; pathways to meaningful credentials or gainful employment as defined in regulations adopted under Title IV of the federal Higher Education Act; and barriers and logistics. MHEC is required to staff the task force and a report with findings and recommendations is due by January 1, 2014.

Part M
Index of Bills